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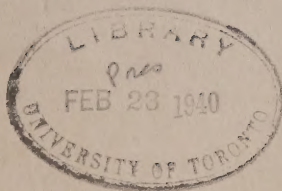
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DOMINION OF CANADA—DEPARTMENT OF AGRICULTURE

COSTS OF DISTRIBUTION IN THE WHOLESALE FRUIT AND VEGETABLE TRADE

W. F. Chown and A. H. Turner

MARKETING SERVICE
ECONOMICS DIVISION




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THE COST OF WHOLESALE DISTRIBUTION OF FRUITS AND VEGETABLES IN CANADA

W. F. CHOWN and A. H. TURNER

Introduction

The spread between retail prices and the net amount received for fruits and vegetables by the grower is a matter of much concern to the producer, the consumer, and the various agencies of distribution. The complicated nature of the wholesale fruit and vegetable business, and the wide range of services demanded by the public are held to account for this spread, or cost of distribution. These services include assembling, grading and packing, warehousing and refrigeration, financing, transportation and local distribution. They also include special services such as the provision of ripening rooms in which the temperature and humidity is controlled for the purpose of maturing such products as bananas and tomatoes. The perishable nature of the product requires that the utmost despatch be used in moving it from producer to consumer, which in turn calls for expensive facilities and added costs. The requirement of the consumer that fruits and vegetables be available at all seasons of the year, regardless of the seasonal character of production, means that commodities must be brought from distant points or held under conditions of heavy cost, in order that supplies may be available during the off season of local production.

The extent of these services demanded by the public, and the intense competition within the industry itself have produced conditions under which many firms have found it difficult or impossible to operate at a profit. The farmer, on the other hand, believes that marketing costs are excessive—that they absorb too large a proportion of the consumer's dollar.

These matters have been the subject of much discussion at meetings in recent years and many requests have been made that an analysis of the situation be undertaken. In 1936 the Canadian Fruit and Vegetables Jobbers' Association in convention at Toronto devoted considerable time to the discussion of the whole question, particularly the cost aspect, and concluded with a request that the Dominion Department of Agriculture undertake a study of the matter. In 1937 the Economics Division of the Marketing Service undertook such a study and the results are presented in this bulletin.

Scope of Study and Source of Data.—In order that the study might be Dominion-wide in scope, 87 firms carrying on business as wholesale fruit and vegetable dealers in various cities across Canada, were invited to co-operate with the Division and furnish financial and other data which would be the basis for a comprehensive report on the wholesale distribution of fruits and vegetables. These firms were located in nine cities: Sydney, N.S., Halifax, N.S., Saint John, N.B., Montreal, Que., Toronto, Ont., Winnipeg, Man., Regina, Sask., Calgary, Alta., and Vancouver B.C.

Several firms operated small branch houses and in the Prairie Provinces of Manitoba, Saskatchewan and Alberta, and in British Columbia, fifteen firms were in reality, branch houses of three large companies. Control of another group of firms was quite closely held.

Eleven of the 87 firms operated in the Maritime Provinces of New Brunswick, Nova Scotia and Prince Edward Island. Five were located in Saint John, N.B., three in Sydney, N.S., and three in Halifax, N.S. The firms in the province of Quebec, thirteen in number, all operated on the Montreal Fruit and

Produce Terminal and some maintained warehouses elsewhere as well. Eighteen Ontario firms operated in Toronto, and the nineteen firms in the Prairie Provinces were located, eight in Winnipeg, five in Regina and six in Calgary. The twenty-six firms in British Columbia all operated in Vancouver, fourteen on Water Street and twelve in a district around Main Street on Georgia and Keefer Streets. The names of the co-operating firms are shown in the appendix.

The data used in the study were obtained by personal interviews with executives of the co-operating firms. The starting point was in most cases the annual audited financial statements and in the subsequent analysis these statements were brought to a comparable basis. Additional information was also obtained when necessary from managers, auditors and other officials.

Functions and Services Performed.—Reference has already been made to the services provided in the marketing of fresh fruits and vegetables but before proceeding to the actual analysis of the accounts of the 87 firms included in the study, it seems desirable to describe briefly the manner in which the trade functions in providing these services.

Only a comparatively small part of the fresh fruit and vegetable crop can be sold by the grower direct to the consumer or to the retailer. The great bulk of each crop must, therefore, be marketed through wholesale channels located in the larger cities. Shipments from local producing areas to the cities may be made direct by the grower or through local agencies such as co-operative associations, country shippers or brokers.

The function of the wholesalers included in this study is to assemble the various kinds of fresh fruits and vegetables shipped to them from the producing areas by the different methods indicated previously, and to offer the produce for sale. They are in fact, wholesaler receivers buying direct from growers or growers' agents, or from brokers or country shippers. Although some of the sales of these wholesalers may be to jobbers, they do not by any means confine themselves to that type of trade, but sell direct to the retail trade, to chain stores and to large hotels, to restaurants, and to institutions. In Toronto and Montreal some wholesalers also act as commission agents. They accept produce for sale on consignment and when the produce is sold, they remit the returns, less an agreed commission, to the shippers.

Volume of Business.—The total sales for the period and also the average annual sales per firm are shown for each district in table 1. The yearly sales per firm averaged \$364,000. The annual sales of firms operating in Quebec and Ontario were well above average. Those of firms operating in the Prairie Provinces approximated the average, while the organizations doing business in the Maritime Provinces and in British Columbia had a substantially smaller turnover. The sales of the firms in Water Street, Vancouver, averaged \$298,000.

TABLE 1.—NUMBER OF FIRMS, TOTAL SALES FOR 1935 AND 1936, AND AVERAGE YEARLY SALES PER FIRM

Location	Number of firms	Sales (in thousands of dollars)	
		Total 1935 and 1936	Average yearly sales per firm
	No.	\$	\$
Maritime Provinces.....	11	5,935	270
Quebec.....	13	15,505	596
Ontario.....	18	17,950	499
Prairie Provinces.....	19	12,839	347
British Columbia.....	26	9,632	197
Total.....	87	61,861	364

According to the Dominion Bureau of Statistics, there were 404 wholesalers "proper" in the fruit and vegetable business in 1930, and the sales for that year amounted to \$96,371,000. The term wholesalers "proper" embraces only regular wholesale houses, such as wholesale merchants, importers, and exporters. It does not include firms doing a part wholesale and part retail business.

TABLE 2.—NUMBER OF FRUIT AND VEGETABLE WHOLESALERS PROPER ⁽¹⁾, TOTAL SALES FOR 1930, ESTIMATED SALES FOR 1935 AND 1936 AND PERCENTAGE INCREASE IN SALES 1936 OVER 1935

(IN THOUSANDS OF DOLLARS)

Location	Number ⁽¹⁾ of firms 1930	Total ⁽¹⁾ sales 1930	Estimated Sales ⁽²⁾		Per cent increase ⁽²⁾ 1936 over 1935
			1935	1936	
	No.	\$	\$	\$	%
Canada.....	404	96,371	75,480	83,236	10.3
Maritime Provinces.....	37	7,218	4,850	5,587	15.2
Quebec.....	91	23,193	19,482	21,216	8.9
Ontario.....	165	32,456	26,389	29,580	12.1
Prairie Provinces.....	69	23,980	17,656	19,563	10.8
British Columbia.....	42	9,524	7,105	7,290	2.6

⁽¹⁾ Census 1931.

⁽²⁾ Wholesale Trade in Canada and Its Provinces, 1936.

The Bureau estimates the sales for 1935 and 1936 to be \$75,480,000 and \$83,236,000, respectively, an increase of 10.3 per cent. The business reported in this study amounted to \$29,185,753 in 1935, and \$32,677,376 in 1936, or nearly 40 per cent of the Canadian business in each year.

The Bureau also reports fifty-seven wholesalers; i.e., firms dealing at wholesale exclusively, in Toronto with sales in 1930 of \$13,585,700. According to a study made by the Economics Division of thirty-nine wholesale firms in that city in 1935¹, sales to outsiders amounted to \$10,205,000 and those between dealers, referred to as profitable sales, to \$520,000, making a total of \$10,725,000.

It is estimated that the sales of these 39 firms in 1930 amounted to \$13,037,600, or 96 per cent of the sales reported by the 57 Toronto wholesale firms reporting to the Bureau of Statistics. The sales of eighteen Toronto firms included in this study amounted to \$8,424,000 in 1935, or over 75 per cent of the estimated total wholesale sales. It is believed that this study represents at least as high a percentage of the wholesale business in the other markets included. As the firms studied were the large wholesale receivers, the results may not be typical of the many small dealers reported upon by the Dominion Bureau of Statistics.

Included among the firms studied were a number in the Maritimes and in the West that handled "dry lines," such as tobacco, cigarettes, confectionery, canned goods and groceries, and a few that handled butter and eggs. Sales of these products amounted to about \$3,074,000. In the Maritime and Prairie Provinces such business represented about 10 per cent of the total sales, and in British Columbia about 12 per cent, but in relation to the total business of all firms included in the study such sales amounted to less than 5 per cent.

Trading Operations 1935 and 1936

Conditions in 1935 and 1936.—An examination of table 3 will give some idea of business trends during the years being reviewed. These figures have been re-arranged somewhat to make them comparable; for instance, consignment

¹ The Wholesale Marketing of Fresh Fruits and Vegetables in the City of Toronto. Technical bulletin 673, Dominion Department of Agriculture.

sales have been treated as ordinary purchases, but the net profit is as shown by the dealers' own financial statements. In 1935 sales amounted to \$29,183,753; expenses exceeded the gross profit and trading resulted in a loss of \$1,880. In 1936 there was an improvement; sales had increased by 11·97 per cent to \$32,677,376; gross profit increased by 14·77 per cent and expenses by only 8·45 per cent, and trading resulted in a net profit of \$188,691. This improvement seemed to be quite general in all parts of Canada. Thirty-four firms showed losses in 1935 and 26 firms in 1936, but 54 firms either reduced their losses or increased their profits in 1936. It would seem that 1935 was a poor year for the trade and that 1936 was only a fair one. These are the two years

TABLE 3.—SUMMARY OF THE TRADING OPERATIONS OF 87 WHOLESALE FRUIT AND VEGETABLE DEALERS FOR THE YEARS 1935 AND 1936

(Profit as Shown by Their Own Financial Statements.)

—	1935		1936		Increase 1936 over 1935	Total 1935 and 1936	
	\$	%	\$	%	%	\$	%
Sales.....	29,183,753	100·00	32,677,376	100·00	11·97	61,861,129	100·00
Cost of sales.....	26,169,873	89·68	29,218,190	89·42	11·65	55,388,063	89·54
Gross profit.....	3,013,880	10·32	3,459,186	10·58	14·77	6,473,066	10·46
Total expense.....	3,015,760	10·33	3,270,495	10·00	8·45	6,286,255	10·16
Net profit.....	—1,880	—0·01	188,691	0·58	.....	186,811	0·30

covered by this report and the figures, except where otherwise stated, refer to the combined ones for the two years. As will be seen in table 3, the combined 1935 and 1936 sales of the 87 wholesale fruit and vegetable dealers amounted to \$61,861,129. The gross profit was \$6,473,066 and the expense \$6,286,255, leaving a net profit of \$186,811, or 3 cents per \$100 of sales. The figures presented in table 3 are as shown by the various wholesalers' financial statements and have not been adjusted in any way.

Adjustments to Statements.—Considerable lack of uniformity in accounting methods was found to exist within the trade. The gross profit of one firm was not necessarily comparable with that of another, for in some cases certain costs were deducted before the gross profit was arrived at, while in others, these costs were deducted after the gross profit was ascertained but before the net profit was determined. Expenses were not always classified in the same way and differences were met with in analysing the accounts of sole proprietorships, partnerships and incorporated companies with or without branch houses. Again some firms owned plant assets, while others hired or rented warehouses, trucks, storage and so forth.

In order to achieve comparability, it was found necessary to analyse and re-arrange much of the expense and also to make certain changes that affected profits. A summary of such changes is given in table I in the appendix. The most important was a charge of 5 per cent interest on the average net worth. This was made to equalize the charges of the firms that owned plant assets and those that rented or hired their use and presumably paid something on account of interest in the rent. Therefore the net profit shown in succeeding tables is after provision has been made for a return of five per cent on the capital invested. In a number of the smaller sole proprietorship and partnership firms no salary was paid the owner or owners. In such cases a reasonable salary has been charged, usually equivalent to the withdrawals for the year. Bad debts have also been adjusted in a number of cases to the actual amount

incurred during the two years. Interest on investment had been charged in the case of a number of branch houses and this amounted to \$213,223. The net amount added to expense as a result of all adjustments, including interest, was \$256,240. This represents an addition of \$4 per \$1,000 of sales or 0.4 per cent.

Results of Trading.—In tables 4 and 5 are presented the results of trading operations for the two years 1935 and 1936 after the above-mentioned adjustments were made. Expenses are classified under six main headings. The absolute amounts in thousands of dollars are stated in table 4. For the eighty-seven firms, sales amounted to \$61,861,000; gross profit was \$6,473,000 and expenses were \$6,542,000. The business was \$69,000 short of earning 5 per cent on the invested capital. Salaries and wages, exclusive of payments to truck drivers, were \$2,952,000 or 4.77 per cent. Included in this is \$819,000 paid to principals or managers which amounted to 1.32 per cent of sales. This includes the salaries of all principals, most of whom were actively engaged in the business.

TABLE 4.—SUMMARY OF THE TRADING OPERATIONS OF 87 WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

(After adjustment but before distributing interest on plant assets).

(000 dollars omitted.)

	Canada	Provinces Maritime	Quebec	Ontario	Prairie Provinces	British Columbia
	\$	\$	\$	\$	\$	\$
Sales.....	61,861	5,935	15,505	17,950	12,839	9,632
Cost of Sales.....	55,388	5,075	14,220	16,578	11,220	8,295
Gross Profit.....	6,473	860	1,285	1,372	1,619	1,337
EXPENSES:—						
Salaries and wages (exclusive of truck drivers).....	2,952	367	496	676	768	645
Trucking-cartage and delivery.....	967	153	238	219	201	156
Demurrage, storage and building expense.....	930	92	280	235	183	140
Travelling expense.....	358	52	37	27	169	73
Interest on investment and borrow- ings.....	376	65	67	106	71	67
Other expense.....	959	132	212	209	208	198
Total Expense.....	6,542	861	1,330	1,472	1,600	1,279
Profit (after interest on investment).....	-69	-1	-45	-100	19	58
Included in expenses:—						
Interest on Investment.....	254	41	42	81	43	48
Salaries—Principal and managers...	819	95	164	192	157	211
Number of firms.....	87	11	13	18	19	26

TABLE 5.—PERCENTAGE DISTRIBUTION OF THE TRADING OPERATIONS OF 87 WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

SALES.—100 per cent.

(After adjustment but before distributing interest on plant assets.)

	Canada	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
	%	%	%	%	%	%
Sales.....	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales.....	89.54	85.51	91.71	92.36	87.39	86.12
Gross Profit.....	10.46	14.49	8.29	7.64	12.61	13.88
EXPENSES:—						
Salaries and wages (exclusive of truck drivers).....	4.77	6.19	3.20	3.77	5.98	6.69
Trucking-cartage and delivery.....	1.57	2.57	1.53	1.22	1.57	1.63
Demurrage, storage and building expense.....	1.50	1.55	1.81	1.31	1.42	1.45
Travelling expenses.....	0.58	0.89	0.24	0.15	1.31	0.76
Interest on investment and borrow- ings.....	0.60	1.09	0.44	0.59	0.56	0.69
Other expense.....	1.55	2.22	1.36	1.16	1.62	2.06
Total Expense.....	10.57	14.51	8.58	8.20	12.46	13.28
Profit (after interest on investments)	-0.11	-0.02	-0.29	-0.56	0.15	0.60
Included in expenses:—						
Interest on Investment.....	0.41	0.69	0.27	0.45	0.33	0.49
Principals' Salaries.....	1.32	1.61	1.06	1.07	1.22	2.19

In the smaller businesses principals and managers acted in all capacities; their duties were not confined to supervision. In the case of branches a proportionate amount of head office salaries was charged. It includes the cost of management in all instances and, in the case of small firms, the contribution of the manager or owner toward actual labour operations. Trucking cost \$967,000 or 1.57 per cent of sales. Travelling expenses of salesmen and others were \$358,000 or 0.58 per cent. Interest on investment and borrowed money was \$376,000 or 0.6 per cent. All other expenses totalled \$959,000 or 1.55 per cent of sales. Total expense averaged 8.2 per cent in Ontario and ranged to a high average of 14.51 per cent in the Maritimes.

TABLE 6.—ANALYSIS OF COST OF DISTRIBUTION OF 87 WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

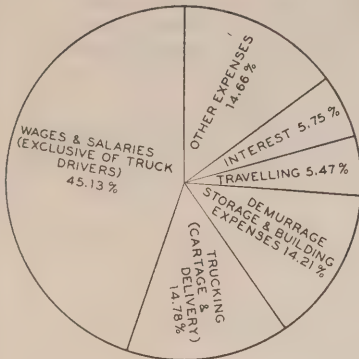
DISTRIBUTION OF EXPENSE DOLLAR

(After adjustment but before distributing interest on Plant Assets.)

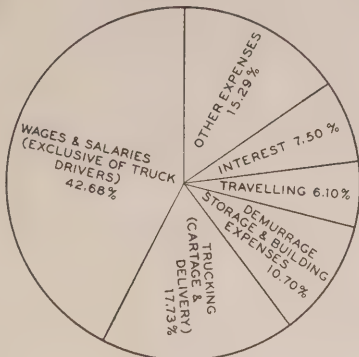
Expense	Canada	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
	cents	cents	cents	cents	cents	cents
Salaries and wages (exclusive of truck drivers).....	45.13	42.68	37.26	45.96	48.02	50.38
Trucking-cartage and delivery.....	14.78	17.73	17.89	14.88	12.55	12.25
Demurrage, storage and building expense	14.21	10.70	21.10	15.94	11.41	10.91
Travelling expense.....	5.47	6.10	2.76	1.84	10.54	5.71
Interest on investment and borrowings..	5.75	7.50	5.08	7.20	4.45	5.22
Other expense.....	14.66	15.29	15.91	14.18	13.03	15.53
Total.....	100.00	100.00	100.00	100.00	100.00	100.00
Included above:—						
Interest on Investment.....	3.89	4.73	3.15	5.52	2.67	3.72
Principals' and Managers Salaries...	12.52	11.07	12.32	13.02	9.81	16.50

In table 6 expense is analysed under the same headings but presented as a division of the expense dollar. Salaries and wages averaged 45 per cent of the total and ranged from 37 per cent in Quebec to 50 per cent in British Columbia. Trucking averaged nearly 15 per cent, but at 12.25 per

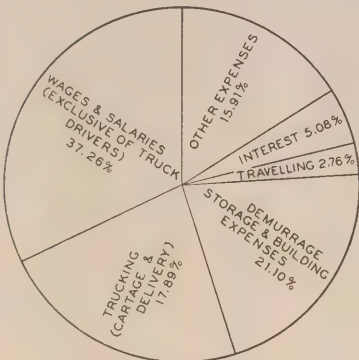
FIGURE 1
PERCENTAGE DISTRIBUTION OF THE EXPENSE DOLLAR



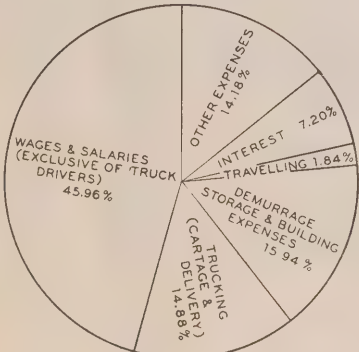
CANADA



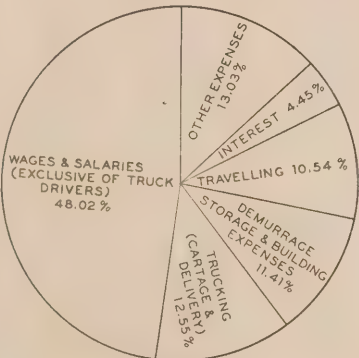
MARITIMES



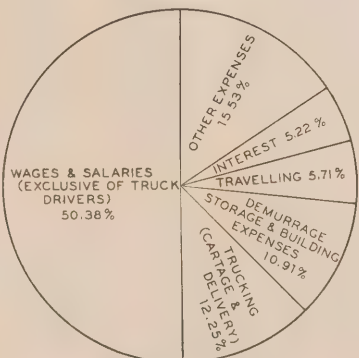
QUEBEC



ONTARIO



PRAIRIES



BRITISH COLUMBIA

cent this was a smaller portion of total expense in British Columbia than elsewhere and was a larger proportion of expense in Quebec at 17.89 per cent. Demurrage, storage, and building expense was a smaller proportion of expense in the Maritimes at 10.70 per cent than elsewhere and was larger in Quebec at 21.10 per cent. This division is also shown in figure 1.

Detailed Analysis of Cost of Wholesale Distribution

EXPENSE PER \$1,000 OF SALES

A more detailed analysis of operating expense is presented in table 7. This is after a proportionate amount of interest has been distributed to the following expense categories: building expense, salesmen's travelling, delivery and automobile expense. Details of this adjustment are in the

TABLE 7.—ANALYSIS OF COST OF DISTRIBUTION OF 87 WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

(Based on \$1,000 of Sales.)

(After adjustment and after distributing interest on Plant Assets.)

Expense	Total	Canada	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
	\$	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Demurrage, car rental, heating and icing at terminal...	108,293	1 75	0 32	4 02	2 46	.....	.....
Cartage, track and storage...	220,800	3 57	5 57	4 43	5 51	0 51	1 41
Cold storage hired.....	180,466	2 92	1 88	4 98	3 19	1 55	1 54
Building expense.....	685,738	11 09	15 02	9 40	8 63	13 25	13 08
Warehouse wages.....	668,542	10 81	15 75	4 65	8 52	14 36	17 21
Warehousing and Establishment.....	1,863,839	30 14	38 54	27 48	28 31	29 67	33 24
Advertising.....	28,592	0 46	1 29	0 27	0 39	0 46	0 39
Salesmen's salaries.....	960,184	15 52	18 99	10 38	12 22	22 89	17 98
Salesmen's travelling expense	257,634	4 16	8 06	0 03	0 48	12 24	4 51
Packing materials.....	104,592	1 69	3 57	0 42	1 14	1 30	4 13
Delivery.....	756,577	12 23	20 53	11 00	6 81	15 30	15 10
Bad debts.....	191,113	3 09	4 54	3 96	2 17	2 26	3 60
Selling and delivery..	2,298,692	37 15	56 98	26 06	23 21	54 45	45 71
Postage and stationery.....	172,293	2 78	4 00	1 71	2 15	3 64	3 82
Telephone and telegraph.....	214,483	3 47	4 76	3 11	2 86	3 74	4 00
Administration travelling and auto expense.....	102,421	1 66	0 88	2 37	1 06	0 91	3 09
Office salaries.....	504,713	8 16	11 12	6 37	6 26	10 37	9 81
Principals' and Managers' salaries.....	818,977	13 24	16 06	10 57	10 68	12 23	21 92
Miscellaneous expense.....	248,225	4 01	4 03	4 18	2 92	4 83	4 68
Administration and General..	2,061,112	33 32	40 85	28 31	25 93	35 72	47 32
Interest.....	318,852	5 15	8 70	3 95	4 52	4 80	6 56
Total Expense.....	6,542,495	105 76	145 07	85 80	81 97	124 64	132 83

appendix, together with a table showing expense classified as in table 7 but before making this interest adjustment. It is interesting to note that Warehousing and Establishment expense before considering interest, is \$27.16 per \$1,000 of sales in Quebec and \$27.03 in Ontario, but after making the adjustments for interest the figures are \$27.48 in Quebec and \$28.31 in Ontario. This reflects the higher degree of ownership of buildings in Toronto than in Montreal, where all operate in part at least on the Montreal Produce Terminal.

The expense classification used in table 7, though not ideal, is an attempt to present the facts in a fairly logical manner and was decided on after some

experience in gathering the data. When fruits and vegetables are received the dealer must warehouse them until such time as they can be sold. He must sell them, perhaps pack them for shipment, deliver them to customers in most cases, and then collect the money. In addition to warehousing and selling, the dealer must arrange to have a supply of goods on hand—either by direct purchase or on consignment, invoice the goods when sold, and keep the necessary accounts. The organization and maintenance of these several functions require considerable supervision. Finally, a supply of working capital must be available to finance purchases and pay the costs of operation until collections are made. In table 7 the left hand column shows the total amount of each expense item for the eighty-seven dealers. The other columns present the average cost in dollars per \$1,000 of sales for all dealers and for each of the several districts.

Warehousing and Establishment.—When the goods are received, the dealer has the choice of placing them on the floor and offering them for immediate sale, or of putting samples only on the floor and leaving the balance in cars on track for sale at the car door, or placing them in cold storage to await a more favourable market. In a previous study¹ it was found that the two railways in Toronto collected from the wholesale fruit dealers who sold at the car door in 1935, \$19,005 on account of demurrage and car rental and \$3,724 for heating or icing cars in the terminal yards. The expenses of selling direct from the cars, thus warranted a special heading in the present study of distribution costs. It was found that this cost amounted to \$108,293 for the two years. In Montreal and Toronto, railway cars are used extensively for storage purposes, only slightly so in the Maritimes, and in an almost negligible degree on the Prairies and in British Columbia.

Cartage as used in this study means the cost of transferring merchandise by team or truck from railway cars and docks to warehouse or storage, and from storage to warehouse. It was found in Toronto that during 1935¹ over 20 per cent of the merchandise was delivered direct from cars to customers and therefore no cartage charge was incurred. Cartage is included here as an item of warehousing cost rather than of selling and delivery, because on an ideal market with good rail and water connections and cold storage at hand it would be greatly reduced if not entirely eliminated. No separate cartage account was kept by the dealers and the amount shown of \$220,800 represents an apportionment of the total trucking cost. In making this apportionment the cost of conveying goods by motor truck from United States terminal markets was added to the cost of the produce, i.e., Cost of Sales, and is not shown as a cost of distribution. The cost of trucking goods from country points was treated similarly, though few of the dealers studied engaged in that activity. Where trucks were hired and invoices were rendered showing cartage and delivery separately, samples of these were analysed. With the assistance of managers and shipping clerks the trucking cost has been allocated \$220,800 to cartage and \$756,577 to delivery. Even when the fruit market is located on a railway siding, there is still cartage from other railway terminals, from docks and to or from storage. Cartage, as a ratio of sales, was highest in the Maritime Provinces, nearly as high in Toronto and well above average in Quebec. It was low in the Prairie Provinces where there were no docks and where cold storage facilities were usually in the dealer's own warehouse.

Cold storage hired amounted to \$180,466 and was highest in Montreal and well above the average in Toronto. Both cities are adequately supplied with public cold storage facilities of which use was made. Storage was an extra charge on the Montreal Produce Terminal and so the dealers there hired more outside storage than was the case in Toronto. There is no public cold storage

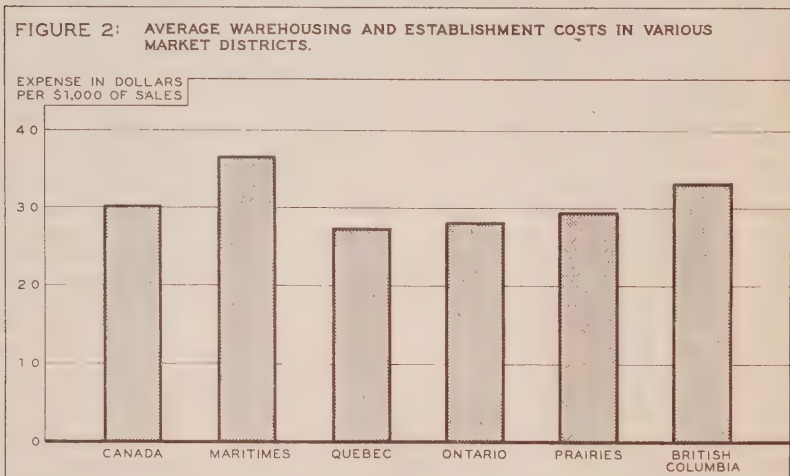
¹ The Wholesale Marketing of Fruits and Vegetables in the City of Toronto. Technical bulletin 673, Dominion Department of Agriculture.

in Sydney. In the Maritime Provinces and in the West it is common for the dealers to operate cold storage plants in their own warehouses and so the cost of refrigeration in those areas is included in the Building Expense.

Building expense amounted to \$685,738 and is made up of rent or its equivalent,¹ maintenance costs, fuel, power and water, business taxes, depreciation on equipment, insurance on contents. In Montreal the terminal company charges, on a carload or package basis, are equivalent of rent and insurance and also include the labour of unloading. The high building expense ratio in the Maritimes and in the West is only partly accounted for by the private refrigeration plants mentioned above. The larger sales volume of the firms in Central Canada affect this ratio particularly. The variable weather in the Prairie Provinces necessitates good buildings and storage facilities to protect merchandise from the extremes of sub-zero weather and the heat of summer. This is true also of Montreal and other Canadian points, but to a lesser degree. It was considered impracticable to apportion building expense between warehousing proper and office rent.

Warehouse wages amounted to \$668,542. This ratio was well below the average in Montreal where goods were unloaded and placed by employees of the terminal company, and that cost was included under building expense. Warehouse men include car checkers and yard men as well as porters and casual help.

Warehousing and Establishment costs, which represent the cost of warehousing the goods from the time of arrival on track until sold, and also the cost of office space amounted to \$1,863,839 and averaged \$30.14 per \$1,000 of sales. From what has been written it is evident that the separate expense items are not strictly comparable across the table, but the sub-total is very nearly so. With the exception of the Maritimes the district averages do not vary widely from the average for all Canada. This is shown in figure 2.



Selling and Delivery.—Advertising is not a large item of expense in the wholesale fruit business, the total for the two years being \$28,592.

Salesmen's salaries at \$960,184 is the largest single item in this classification. This includes the total paid to salesmen whether on straight salary, on

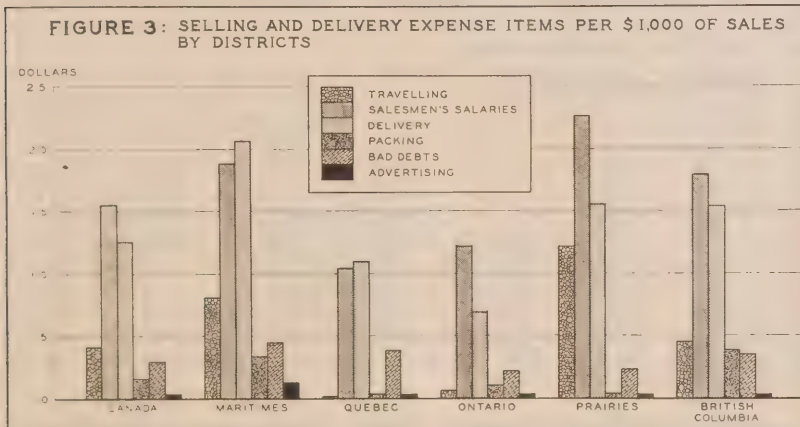
¹ Real estate taxes, insurance, depreciation and interest less rents received from parts sublet.

commission, or a combination of salary and commission. The straight salary is the most common. This ratio was highest in the Prairie Provinces where it was the common practice to employ travelling salesmen. In Montreal and Toronto where most of the selling is done with buyers on the market this ratio is well below the average for Canada.

Salesmen's travelling expense at \$257,634 averaged \$4.16 per \$1,000 of sales for all dealers and averaged \$12.24 on the Prairie Provinces and as low as \$0.03 in Montreal. The West is less thickly populated and as the salesmen have longer distances to travel to reach their customers, the cost is naturally higher.

Although the bulk of the produce is sold in the original containers, some repacking is necessary; bananas for instance must be carefully packed for shipment. The total for packing materials was \$104,592 or \$1.69 per \$1,000 of sales.

After the goods have been sold and packed they must be delivered to the retailer's place of business. On some markets the delivery of a substantial quantity of the produce is undertaken by the customer himself, and on most out-of-town shipments, the customer is responsible for the freight or express charges. The cost of delivery incurred by the wholesale dealers, amounted to \$756,577 and was the second largest item of expense in this classification. Delivery averaged \$12.23 per \$1,000 of sales. This ratio was highest in the Maritime Provinces chiefly because of the delivery arrangements at Sydney, Nova Scotia. This city is the wholesale distributing centre for the mining towns in the surrounding district and deliveries by motor truck are made to retailers in these towns at the wholesaler's expense. At Saint John, New Brunswick too, it is the practice to deliver to country dealers in a fairly widespread area or to pay transportation charges to competitive points. It was found that in 1935 over 20 per cent of the wholesale sales in Toronto were to country buyer,¹ practically all of which would be delivered free of charge to the wholesalers. There are no data available with respect to other markets. In the West it is probable that the proportion of sales to country points would be about the same as Toronto. Delivery charges, where borne by the wholesaler, would be higher, however, because of the greater distances involved in shipping to the actual buyer, or to the nearest competitive point.



¹ The Wholesale Marketing of Fruits and Vegetables in the City of Toronto. Technical bulletin 673, Dominion Department of Agriculture.

Deliveries are made chiefly by motor truck, but a few horses and wagons are still in use. Included in the delivery expense are such charges as ferriage to Dartmouth from Halifax, charges on coastal boats from Saint John, and express charges in all areas—particularly in the winter time. Opinion is divided as to whether it is more economical to own or hire trucks. Some firms, although they considered it cheaper to hire, continue to use a certain number of their own trucks because of greater control over the delivery service. The wholesalers in the Maritime Provinces own their own trucks, rather than hire them. In Montreal most of the delivery is done by outside contraction. In Toronto about half the delivery work is undertaken by one trucking company that has a number of trucks entirely at the disposal of the wholesalers and additional trucks available during rush periods. When this study was first undertaken the payment to the trucking company was on a package basis. While the study was in progress, dealers changed to a weekly basis, claiming that they could give a better service with one or more trucks entirely at their disposal. In the Prairie Provinces trucks are both owned and hired. In Vancouver, the Pacific Fruit and Produce Company uses its own separate trucking company to make deliveries for its five firms there. Five other firms were employing one company that made deliveries at regular hours to different parts of the city.

Losses from bad debts were estimated to be \$191,113. This is an important item but at \$3.09 per 1,000 of sales is relatively low and reflects the good work accomplished by dealers' credit associations and credit managers. This amount, \$191,113, was arrived at with some difficulty. It was found that most firms followed the practice of making sufficient provision to adjust the reserve for bad debts to 10 per cent of accounts receivable. This method takes little regard of the actual losses, and may result in either an overstatement or an understatement. The latter plainly occurred in several instances where large reserves had been built up during the depression, and the adjustment resulted in a credit to the trading account. The amount actually written off during the two years was ascertained where possible or the opinion of the manager or accountant as to the amount actually incurred for bad debts during the two years trading was obtained. This figure was deducted from the overestimated reserve for bad debts. The net result of this adjustment was a deduction from expense and an addition to profit, in excess of the amount shown by the dealers' own financial statements, of \$15,327. (Appendix table I). It is worthy of comment that despite drought and other unfavourable conditions in the Prairie Provinces, the average loss from bad debts there was below average.

Selling and Delivery expenses amounted to \$2,298,692 or \$37.15 per \$1,000 of sales. The district averages varied from \$23.21 in Toronto to \$56.98 in the Maritime Provinces. Toronto was lowest in delivery expense and comparatively low in salesmen's salaries and travelling expense. Montreal was lowest in salesmen's salaries and travelling expense but exceeded Toronto in delivery expense and so takes second place. British Columbia and the Prairie Provinces were about the same in regard to delivery expenses but British Columbia was somewhat lower than the Prairie Provinces in salesmen's salaries and decidedly so in salesmen's travelling expense. The Maritime Provinces were between British Columbia and the Prairie Provinces in the matter of salesmen's salaries and travelling expense but were high in delivery, advertising and bad debt expense. The various items making up Selling and Delivery expense are shown graphically in figure 3. The average Selling and Delivery expense for each district is shown in figure 4.

Administration and General.—Postage and stationery expense, almost equally divided, amounted to \$172,293. This includes the cost of circulars sent out by some firms that might also be considered a proper charge to advertising.

FIGURE 4: AVERAGE SELLING AND DELIVERY COSTS IN VARIOUS MARKET DISTRICTS.

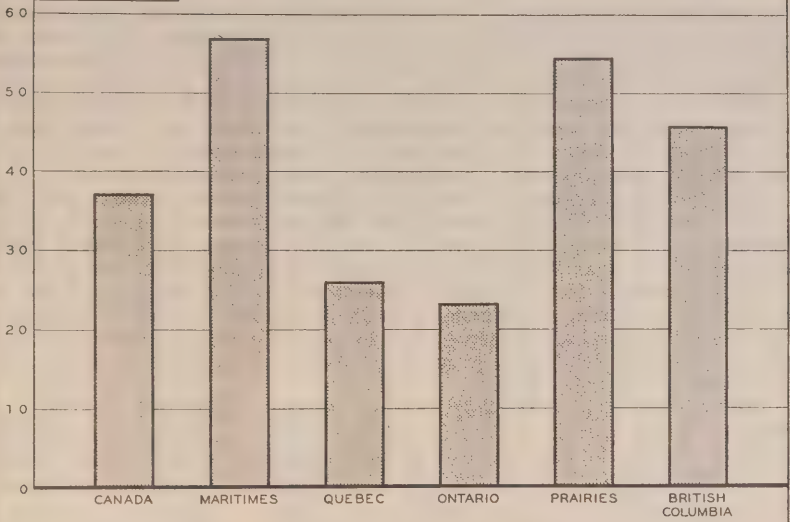
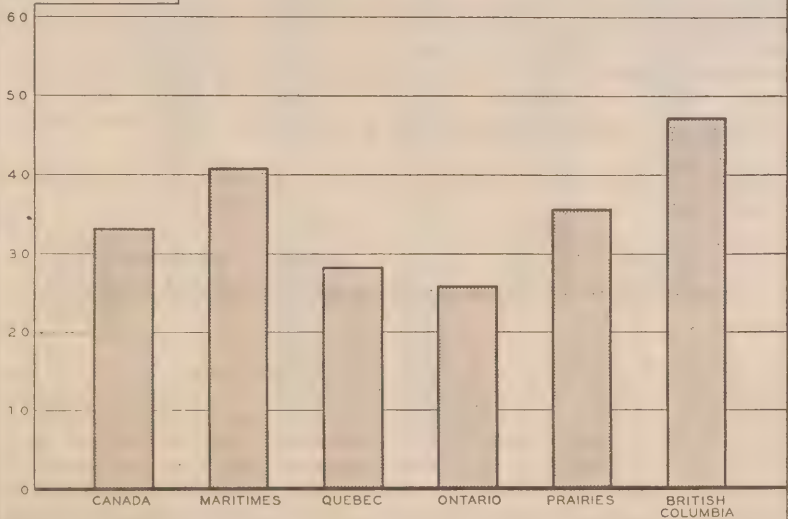
EXPENSE IN DOLLARS
PER \$1,000 OF SALES

FIGURE 5: AVERAGE ADMINISTRATION AND GENERAL COSTS BY DISTRICT.

EXPENSE IN DOLLARS
PER \$1,000 OF SALES

Telephone and telegraph service cost \$214,483 and averaged \$3.47 per \$1,000 of sales. The telephone and telegraph were used both for buying and selling, and it was generally impossible to get a reliable estimate of the proportion for each.

Administration travelling and automobile expense consists of all travelling and automobile expense not charged to selling. It includes the travelling expenses of principals and the portion of the maintenance of their motor cars which may properly be charged to the firm. This was mainly a direct administration charge and amounted to \$102,421 and averaged \$1.66 per \$1,000 of sales.

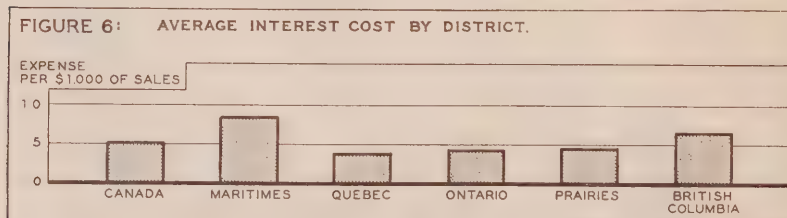
Office salaries amounted to \$504,713 and averaged \$8.16 per \$1,000 of sales. Terms of credit are short and statements to customers are rendered weekly. In the commission business there is a particularly large amount of detail involving daily account sales and weekly cheques with accompanying statements.

Principals' and managers' salaries, including an apportionment of head office salaries, were \$818,977 and averaged \$13.24 per \$1,000 of sales. In British Columbia they reached a high point of \$21.92. These salaries varied widely, but averaged less than \$5,000 per firm and \$3,400 per individual per year.

Miscellaneous expense includes those items not already enumerated and amounted to \$248,225, an average of \$4.01 per \$1,000 of sales. Fees paid to local credit associations, subscriptions to trade journals, corporation taxes, liability insurance, employees' bonds, legal fees, auditing, licences, laundry and other items are included here.

Administration and General expenses totalled \$2,061,112 and averaged \$33.32 per \$1,000 of sales. Ontario and Quebec were again below average but British Columbia, largely due to the high principals' salaries ratio, was \$14, or more than 40 per cent above average. The average Administration and General expense by districts is shown in figure 5.

Interest.—Interest amounting to \$318,852 is shown as an expense in table 7. This is after charging \$57,127 to other expense categories. Total interest, amounting to \$375,979 is made up of: interest on investment, and interest paid or accrued, less interest received or due. The interest on investment was calculated at 5 per cent of the average net worth for each year and amounted to \$254,255. Net worth in some cases was represented by goodwill and organization expense of doubtful value. Interest on these for the two years amounted to \$21,915 or 5.8 per cent of the total interest. In Montreal this was over 7 per cent of the total interest and in Toronto about 15 per cent of the total interest (see table in appendix). Had goodwill and organization expense been deducted



from net worth, the costs in Toronto and Montreal would be slightly lower. Interest paid includes bank exchange, simply because it was usually recorded in such a way that the task of separating the two was more formidable than seemed to be warranted under the circumstances. Interest received or paid includes the operating gain or loss on properties owned by the company, or acquired for use in the business but not actually used during the period under review. In the main the amount shown in table 7; namely, \$318,852, represents the cost of working capital borrowed or owned. This averaged \$5.15 per \$1,000

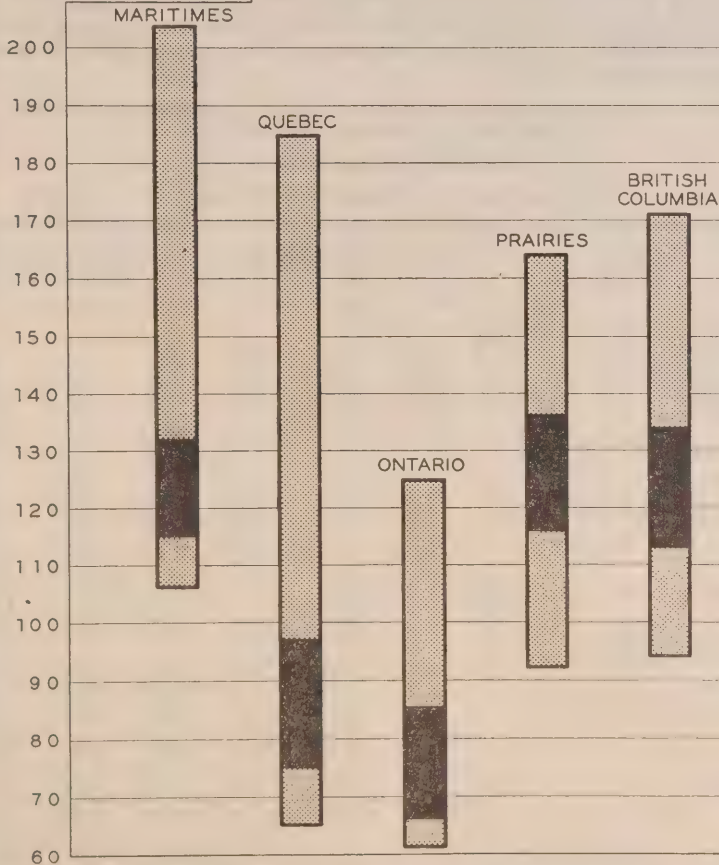
of sales and was high in the Maritime Provinces at \$8.70 indicating a less efficient use of capital in that territory. The average cost of interest by districts is shown in figure 6.

Total Expense.—The total cost to the eighty-seven wholesalers of distributing over \$61 million worth of fruits and vegetables during 1935 and 1936 was \$6,542,495 and averaged \$105.76 per \$1,000 of sales. The average total expense

FIGURE 7: RANGE OF TOTAL EXPENSE FOR DIFFERENT PROVINCIAL DISTRICTS.

THE BLACK PORTION REPRESENTS THE RANGE OF TOTAL EXPENSE WITHIN WHICH THE LARGEST GROUP OF FIRMS OPERATED.

EXPENSE IN DOLLARS
PER \$1,000 OF SALES



of the five districts are shown in table 7 and varied from \$81.97 in Ontario to \$145.07 in the Maritime Provinces. There is considerable variation in the total expense ratio between firms in the same district. Figure 7 shows the extent of

the range of total expense for each district, and the shaded portion of the bars indicates the limits within which the largest group of firms operated. This chart indicates that the majority of firms in Quebec and Ontario operated below the majority in the other districts, although at least one firm in Montreal had a total expense ratio higher than any in the Prairie Provinces or in British Columbia. The majority of the firms in the Maritime Provinces, the Prairie Provinces and in British Columbia operated between \$113 and \$136 per \$1,000 of sales. In the Maritime Provinces there was a large volume of sales above these limits which raised the average cost there to \$145.07 per \$1,000 of sales. A table showing the range for each expense item between firms in each district appears in the appendix (table 35).

Distribution of the Expense Dollar.—The expense data, classified as in table 7, is presented again in table 8 to show the distribution of the expense dollar. On the average, each dollar of expense was divided as follows: Warehousing and Establishment, 28.50 cents; Selling and Delivery, 35.13 cents; Administration and General, 31.50 cents; Interest, 4.87 cents. There was less variation from the average distribution of the expense dollar than there was from the average expense per \$1,000 of sales. This distribution of the expense dollar is shown graphically in figure 8.

TABLE 8.—ANALYSIS OF COST OF DISTRIBUTION OF 87 WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

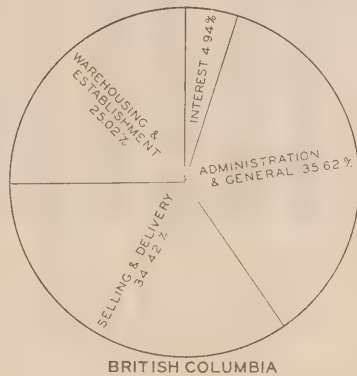
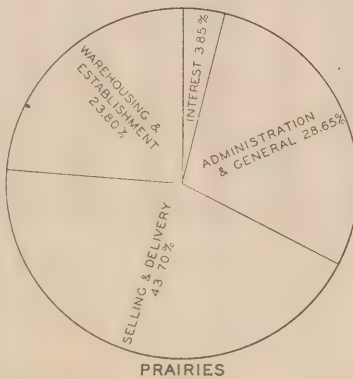
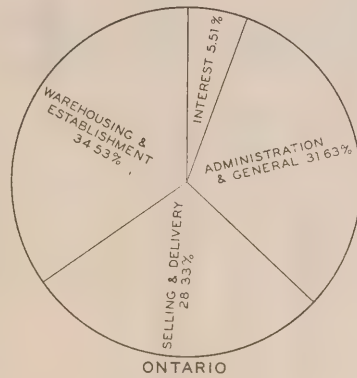
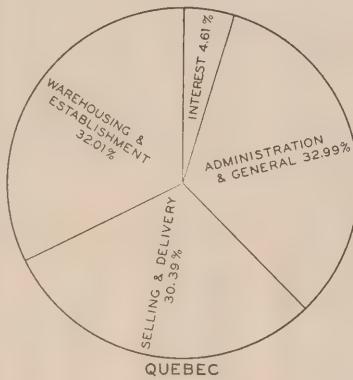
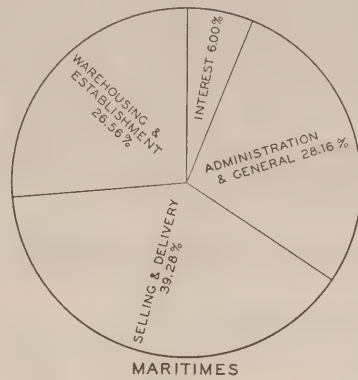
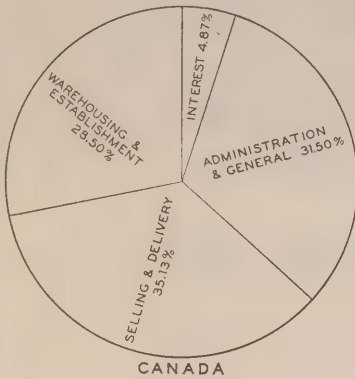
DISTRIBUTION OF EXPENSE DOLLAR

(After adjustment and after distributing interest on Plant Assets)

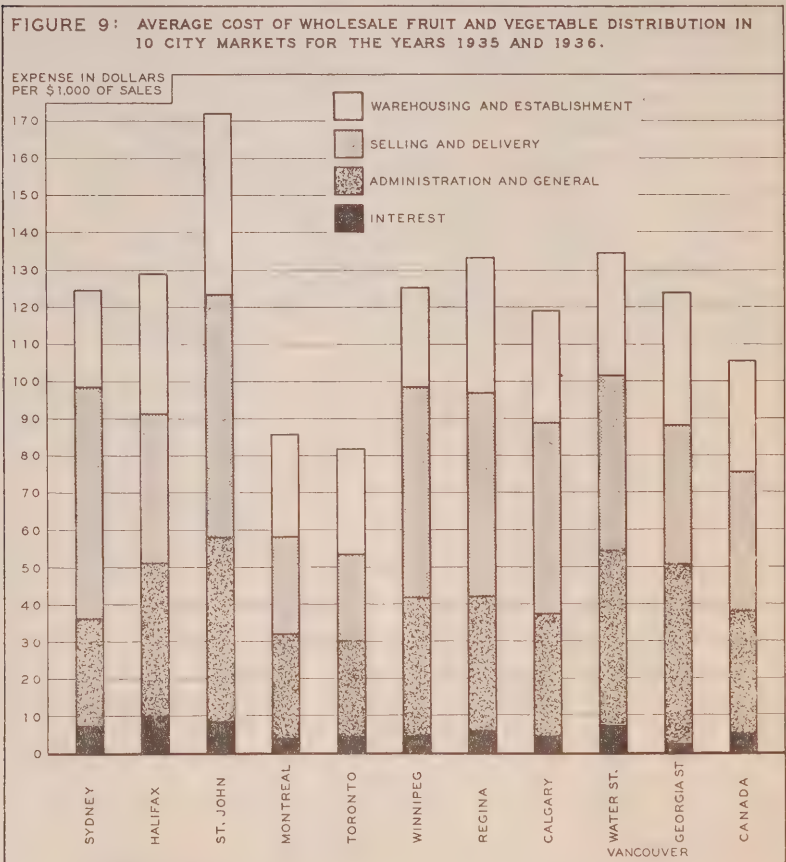
Expense	Canada	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
	cents	cents	cents	cents	cents	cents
Demurrage, car rental, heating and icing at terminal.....	1.66	0.22	4.68	3.00	.....	.....
Cartage, track and storage.....	3.88	3.84	5.16	6.73	0.41	1.06
Cold storage hired.....	2.76	1.29	5.80	3.89	1.24	1.17
Building expense.....	10.48	10.35	10.95	10.52	10.63	9.84
Warehouse wages.....	10.22	10.86	5.42	10.39	11.52	12.95
Warehousing and Establishment....	28.50	26.56	32.01	34.53	23.80	25.02
Advertising.....	0.43	0.89	0.32	0.48	0.37	0.29
Salesmen's salaries.....	14.68	13.09	12.10	14.91	18.37	13.54
Salesmen's travelling expense.....	3.94	5.56	0.04	0.59	9.82	3.40
Packing materials.....	1.60	2.46	0.49	1.39	1.05	3.11
Delivery.....	11.56	14.15	12.82	8.31	12.28	11.37
Bad debts.....	2.92	3.13	4.62	2.65	1.81	2.71
Selling and Delivery.....	35.13	39.28	30.39	28.33	43.70	34.43
Postage and stationery.....	2.63	2.76	1.99	2.62	2.92	2.88
Telephone and telegraph.....	3.28	3.23	3.63	3.49	3.00	3.02
Administration travelling and auto expense.....	1.57	0.61	2.76	1.30	0.73	2.32
Office salaries.....	7.71	7.66	7.42	7.64	8.32	7.38
Principals' and managers' salaries.....	12.52	11.07	12.32	13.02	9.81	16.50
Miscellaneous expense.....	3.79	2.78	4.87	3.56	3.87	3.52
Administration and General.....	31.50	28.16	32.99	31.63	28.65	35.62
Interest.....	4.87	6.00	4.61	5.51	3.85	4.94
Total Expense.....	100.00	100.00	100.00	100.00	100.00	100.00

Trading Operations in Ten Wholesale Markets.—The results of trading on ten wholesale fruit markets during the years 1935 and 1936 are shown in table 9. This table gives the average results in eight cities and in two sections of

FIGURE 8
PERCENTAGE DISTRIBUTION OF THE EXPENSE DOLLAR



Vancouver. The type of business carried on in Water Street is quite comparable to that studied in other cities, but the type of business conducted in the section of the city on Georgia Street and Keefer Street east of Main Street is so different that it seemed preferable to calculate separate averages.¹ The average expenses for both sections of Vancouver may be found in table 9. It is interesting to note that on the average trading was unprofitable in Saint John, Montreal, Toronto and Regina. On a per \$1,000 of sales basis the average expense in Saint John was higher than on any of the markets and in Regina the average expense was higher than in the other Prairie cities studied. The expense analysis in table 9 is shown graphically in figure 9. Montreal and Toronto are in a class by themselves; the average total expense ratios of the other markets vary within narrow limits excepting Saint John, where expenses are more than twice as high as Montreal or Toronto.



¹ See page 48 for description of Keefer and Georgia St. Market.

TABLE 9.—TRADING OPERATIONS OF 87 WHOLESALE FRUIT DEALERS ON TEN MARKETS IN CANADA FOR THE YEARS 1935 AND 1936

(BASED ON \$1,000 OF SALES)

(After adjustment and after distributing interest on Plant Assets)

	Canada	Sydney	Halifax	St. John	Montreal	Toronto	Winnipeg	Regina	Calgary	Vancouver		
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	Water Street	Georgia and Keefer Streets	\$ cts.
Sales.....	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00
Cost of Sales.....	895 36	870 11	869 25	833 50	917 13	923 57	871 14	877 85	875 50	858 48	874 79	874 79
Gross Profit.....	104 64	129 89	130 75	166 50	82 87	76 43	128 86	122 15	124 50	141 52	125 21	125 21
Expense—												
Demurrage, car rental, heating and icing at terminal.....	1 75	0 25	0 59	0 18	4 02	2 46	*	*	*	*	*	*
Carts, track and storage.....	3 57	5 13	6 28	5 38	4 43	5 51	0 61	0 54	0 38	0 70	50 2	50 2
Old storage hired.....	2 82	*	3 89	8 83	4 98	3 19	2 98	0 33	0 31	1 27	2 97	2 97
Building expense.....	11 09	11 39	15 34	17 50	9 40	8 63	10 91	19 40	13 30	12 38	16 62	16 62
Warehouse wages.....	10 81	9 06	11 69	23 77	4 65	8 52	12 32	15 88	16 22	18 41	11 07	11 07
Warehousing and Establishment.....	30 14	25 83	37 79	48 66	27 48	28 31	26 82	36 15	30 21	32 76	35 68	35 68
Advertising.....	0 46	0 70	2 01	1 21	0 27	0 39	0 20	0 88	0 60	0 25	1 07	1 07
Salesmen's salaries.....	15 52	18 87	12 06	24 15	10 38	12 22	22 67	24 30	22 50	20 32	6 11	6 11
Salesmen's travelling expense.....	4 16	4 93	1 16	15 48	0 03	0 48	9 77	13 21	14 93	5 37	0 11	0 11
Packing materials.....	1 69	0 30	4 03	5 65	0 42	1 14	1 93	0 98	0 67	3 74	6 10	6 10
Delivery.....	12 23	31 89	16 89	14 63	11 00	6 81	19 65	12 18	11 27	14 30	19 15	19 15
Bad debts.....	3 09	5 51	4 03	4 17	3 96	2 17	2 36	3 49	1 56	3 33	4 99	4 99
Selling and Delivery.....	37 15	62 20	40 23	65 29	26 06	23 21	56 57	55 04	51 53	47 31	37 53	37 53
Postage and stationery.....	2 78	3 96	3 20	4 61	1 71	2 15	3 71	4 09	3 33	3 95	3 19	3 19
Telephone and telegraph.....	3 47	2 23	6 39	5 49	3 11	2 86	3 24	3 00	4 72	4 03	3 92	3 92
Administration travelling and auto expense.....	1 66	0 09	2 81	0 06	2 87	1 06	0 69	0 87	1 19	3 51	0 90	0 90
Office salaries.....	8 16	7 20	6 70	17 31	6 37	6 26	10 26	11 53	9 96	10 33	4 04	4 04
Principals' and Managers' salaries.....	13 24	14 02	18 27	15 98	10 57	10 68	14 54	10 96	9 90	19 39	32 38	32 38
Miscellaneous expense.....	4 01	1 47	3 80	6 12	4 18	2 92	5 11	5 84	4 00	4 88	3 65	3 65
Administration and General.....	33 32	28 97	41 17	49 57	28 31	25 93	37 55	36 29	33 10	47 09	48 63	48 63
Interest.....	5 15	7 58	10 13	8 51	3 95	4 52	4 57	6 04	4 49	7 41	2 20	2 20
Total expense.....	105 76	124 58	129 32	172 03	85 80	81 97	125 51	133 52	119 33	134 57	123 99	123 99
Net profit.....	-1 12	5 31	1 43	-5 53	-2 93	-5 54	3 35	-11 37	5 17	6 95	1 22	1 22

* Negligible or no expense.

TABLE 10.—AVERAGE TRADING OPERATIONS OF 3 LOW EXPENSE WHOLESALE FRUIT DEALERS ON EACH OF NINE MARKETS
IN CANADA FOR THE YEARS 1935 AND 1936
(Based on \$1,000 of Sales)

Expenses	Nova Scotia		St. John		Montreal		Toronto		Winnipeg		Regina		Calgary		Vancouver	
	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	\$	cts.	Water Street	Georgia St. and Keeler Street
Sales.....	1,000 00		1,000 00		1,000 00		1,000 00		1,000 90		1,000 00		1,000 00		1,000 00	1,000 0
Cost of sales.....	889 54		844 75		926 92		939 24		894 67		883 74		094 53		868 41	893 03
Gross Profit.....	110 46		155 25		73 08		50 76		105 33		116 26		95 47		131 59	106 97
Expenses:—																
Demurrage, car rental, heating and icing at terminal.....	0 38		0 17		5 50		1 97		*		*		*		*	*
Cartage, track and storage.....	6 33		6 94		3 87		5 21		0 70		0 83		0 74		0 45	2 74
Cold storage hired.....	2 27		2 44		4 12		4 23		3 70		0 35		0 65		0 50	1 40
Building expense.....	11 84		15 49		8 95		6 37		12 25		17 67		8 33		18 50	21 98
Warehouse wages.....	8 75		17 97		4 25		7 93		11 39		13 45		11 83		10 56	10 61
Warehousing and Establishment.....	29 57		43 01		26 69		25 71		28 04		32 30		21 55		30 01	36 73
Advertising.....	0 63		0 85		0 10		0 29		0 10		0 79		0 86		*	*
Salesmen's salaries.....	14 15		19 33		7 65		9 31		17 81		24 36		20 51		18 12	5 32
Salesmen's travelling.....	1 99		11 12		0 10		*		3 85		10 88		3 02		0 47	*
Packing materials.....	2 04		4 28		0 77		1 15		1 44		1 07		5 54		1 69	1 22
Delivery.....	20 99		17 53		8 78		5 09		16 08		8 85		17 79		15 92	17 78
Bad debts.....	4 03		3 11		3 51		2 17		3 69		5 03		2 09		4 13	6 66
Selling and Delivery.....	43 83		56 22		20 91		18 01		42 97		50 98		44 81		40 33	30 98
Postage and stationery.....	3 51		3 65		1 60		1 58		2 65		3 50		1 96		3 02	1 65
Telephone and telegraph.....	5 21		5 44		3 36		2 28		1 94		2 71		1 99		2 66	3 65
Administration travelling and auto.....	2 05		0 04		2 17		1 19		0 60		0 57		2 15		0 49	0 86
Office salaries.....	5 13		11 95		5 88		4 45		10 18		10 79		6 74		7 36	*
Principals' and managers' salaries.....	11 60		21 66		6 79		2 55		16 29		11 86		9 66		16 64	21 36
Miscellaneous expense.....	3 31		3 83		3 00		7 58		4 44		4 68		2 55		3 55	0 30
Administration and General.....	30 81		46 57		22 80		19 63		36 10		34 11		25 05		33 72	27 82
Interest.....	8 95		9 34		4 04		3 43		5 41		4 44		3 35		5 26	3 22
Total expense.....	113 16		155 14		74 44		66 78		112 52		121 83		94 76		109 32	98 75
Net profit.....	-2 70		+ 11		-1 36		-6 02		-7 19		-5 57		+0 71		+22 27	+8 22

* Negligible or no expense.

Average of Three Firms in Each Market with Low Expense Ratio.—It has been already indicated that there is considerable variation in the expense ratio within markets (figure 7). The average of the three firms on each market having low expenses is shown in table 10. There were only three firms studied in each of the two cities in Nova Scotia, so the average of the three low expense firms in that province is given. In this table the averages are unweighted by sales and represent what would have been the result if the sales of each of the three firms had been equal, which was not so in actual fact. On reference to figure 7, it is found that the low expense firm average is below the limits of concentration within which the largest group of firms operated except in Saint John where it fell above these limits and Regina where it fell within these limits. These averages represent objectives for any manager who may wish to reduce his costs. By comparing his own expense figures with the averages given in the table for his particular market, a manager could ascertain where his own expenses tended to be too high. Such expenses would indicate the obvious points at which to institute economies. The firms with the low expense ratios did not necessarily operate at a profit; some of them failed to achieve sufficient gross profit to cover expenses, even though these were low.

Relationship of Expense Ratio to Net Profit or Loss.—In order to determine the effect of a low expense ratio on the profitability of operation, the firms were sorted according to the size of this ratio. When all firms were sorted together, that is for all Canada, nothing of any value was disclosed and this was to be expected because conditions vary from market to market as shown in figure 9. Particularly is this true of Montreal and Toronto which because of the concentration of population are really in a class by themselves. The firms in each of the five districts—the Maritime Provinces, Quebec, Ontario, the Prairie Provinces and British Columbia, were then sorted together and the results are shown in table 11 (for details by districts see appendix). Forty-six firms had an expense ratio higher than the average of their district and of these 31 operated at a loss and only 15 achieved a net profit. Forty-one firms had an expense ratio lower than average and of these 25 had a profit and only 16 ended with a loss. When

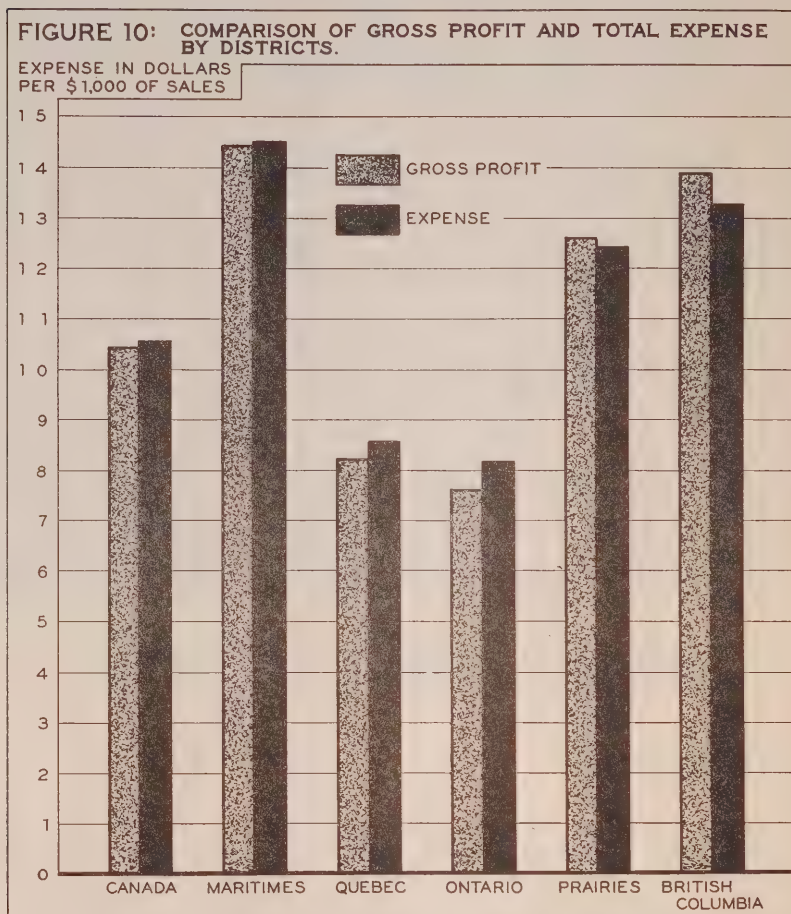
TABLE 11.—RELATIONSHIP OF EXPENSE RATIO TO NET PROFIT OR LOSS
OF 87 WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

Firms with expense ratio	Number of firms	Profit	Loss
Above provincial average.....	46	15	31
Below provincial average.....	41	25	16

sorted above and below the median firm rather than the average expense ratio, it is found that of 42 firms with high expenses only 13 had a profit and of 42 low expense firms 26 had a profit (*see* appendix). It would seem that if expenses are high the chances are better than 2 to 1 that there will be a loss and that if expenses are low the chances are nearly 2 to 1 that there will be a profit. This does show the importance of a low expense ratio but it also suggests the importance of "mark-up." The firms with a low expense ratio that operated at a loss sold on too narrow a margin and failed to achieve sufficient gross profit to cover expenses.

There was a wide range in the gross profit earned and from the foregoing it is evident that a low expense ratio alone will not by itself mean success and so a word about mark-up seems necessary. When the total expense is, say, \$90 per \$1,000 of sales, or 9 per cent, a mark-up of 10 per cent on the cost price might be expected to cover all expenses. As a matter of fact, it would very likely result in a loss. The sales figures used in this study are net amounts after deductions for returned goods, allowances for low quality and other reasons,

and after shrinkage and waste. These features were not studied in this survey, but the selling price must be set sufficiently high to provide for such contingencies which have not been included in the cost of distribution though they might well have been. A comparison of the average gross profit achieved and average total expense incurred in each district is made in figure 10.



Relationship of Sales Volume to Expense Ratio.—It is difficult to present data showing the relationship between sales volume and the expense ratio and keep concealed the identity of all firms. However, the firms were sorted according to the amount of annual sales and the expense ratios found in the different size groups are indicated within fairly narrow limits in table 12. At first sight it would appear that size has an important influence on the expense ratio. In the two groups of large firms in which the annual sales of each exceeded \$700,000, 10 firms had expense ratios below 10 per cent and only 2 firms exceeded this. In the two groups of small firms, in which the annual sales of each were less than \$100,000, only 4 firms had expense ratios below 10 per cent, while 18

firms exceeded this; indeed, 11 firms or half the firms below \$100,000 had expense ratios in excess of 14 per cent. On closer examination it is found that regardless of size the low expense firms are concentrated in Montreal and Toronto (*see* figures 7 and 9). Of the eighty-seven firms studied, 30 had expenses less than 10 per cent of sales and of these, 23 were located in Toronto and Montreal. The average of any size group then will be unduly influenced by the proportion of Montreal or Toronto firms included.

TABLE 12.—RATIOS OF TOTAL EXPENSE FOUND IN DIFFERENT SIZE GROUPS,
87 WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

Amount of annual sales	Number of firms with total expense ratio					No. of firms in group
	Under 8%	8% to 10%	10% to 12%	12% to 14%	14% and over	
Over \$1,000,000.....	3	3	0	0	0	6
\$700,000—\$1,000,000.....	1	3	0	2	0	6
400,000— 700,000.....	0	2	1	5	3	11
300,000— 400,000.....	2	1	4	2	2	11
200,000— 300,000.....	3	0	4	4	3	14
100,000— 200,000.....	2	6	4	3	2	17
75,000— 100,000.....	0	2	1	1	6	10
75,000—and under.....	0	2	3	2	5	12
Total.....	11	19	17	19	21	87

When sorted according to sales volume within the five districts, it is found that of 33 large firms, with sales above the average of their district, 18 had expense ratios higher than the district average, and 15 were below average (table 13); of 54 small firms with annual sales below average, 28 had expense ratios above average and 26 were below the average of the district. When the firms are sorted above and below the median firm, of the 42 firms with sales above the median 20 had expense ratios higher than the average and 22 were below average; of the 24 firms with sales below the median 25 had expense ratios above average and 17 had low expense ratios. For details see the appendix, table Nos. VIII, IX.

TABLE 13.—RELATIONSHIP OF SALES VOLUME TO EXPENSE RATIO, 87
WHOLESALE FRUIT DEALERS FOR YEARS 1935 AND 1936

Firms with annual sales	Number of firms	Expense Ratio	
		Above average	Below average
		No.	No.
Above district average.....	33	18	15
Below district average.....	54	28	26

It is therefore impossible to draw any definite conclusions concerning the effect of increased volume on the expense ratio. This is probably because salesmen's salaries form such a large portion of the costs and because the retail outlets are usually small. The wholesale fruit business is a small order business, and ordinarily, sales volume can only be increased by a corresponding increase in salesmen's salaries and other expenses that may equal or exceed the additional revenue. There is a rapid turnover and a relatively low investment in plant and equipment and consequently fixed charges are low and so the economies that might be expected from large volume are not always realized.

The average results of trading operations for eight size groups have been calculated and are shown in table 14. With one exception the average gross

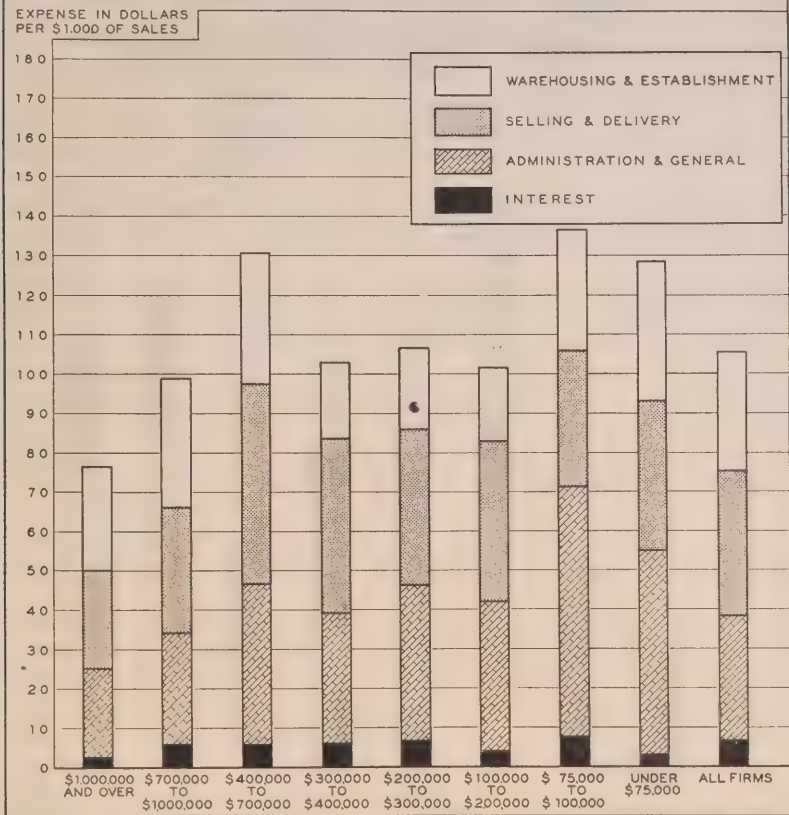
TABLE 14.—TRADING OPERATIONS OF 87 WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936, GROUPED ACCORDING TO AMOUNT OF ANNUAL SALES
(Based on \$1,000 of Sales)

	Amount of annual sales									
	\$1,000,000 and over	\$700,000-\$1,000,000	\$400,000-\$700,000	\$300,000-\$400,000	\$200,000-\$300,000	\$100,000-\$200,000	\$75,000-\$100,000	Under \$75,000		
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.		
Sales.....	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00		
Cost of sales.....	923 52	905 66	866 24	888 87	887 55	885 66	875 52	868 29		
Gross profit.....	76 48	94 34	133 76	111 13	112 45	114 34	124 48	131 71		
Expense:—										
Demurrage, car rental, heating and icing at terminal.....	3 56	3 19	0 77	0 29	0 47	0 13	0 74	*		
Cartage, track and storage.....	4 65	3 65	1 78	2 81	3 44	5 10	4 80	3 25		
Cold storage hired.....	4 94	1 69	3 03	1 75	2 28	1 26	3 15	2 77		
Building expense.....	7 30	9 82	12 28	14 25	14 25	13 47	13 36	17 90		
Warehouse wages.....	6 17	14 41	14 92	11 66	10 41	8 81	9 37	11 76		
Warehouse and Establishment.....	26 62	32 66	32 78	29 45	30 85	28 77	31 42	35 68		
Advertising.....	0 35	0 13	0 58	0 86	0 67	0 21	0 62	0 69		
Salesmen's salaries.....	10 14	13 86	21 98	17 89	18 13	16 98	11 84	6 66		
Salesmen's travelling expense.....		5 69	4 59	4 74	4 74	2 40	1 07	0 85		
Packing materials.....	0 89	1 74	2 27	1 92	1 09	1 66	2 79	3 82		
Delivery.....	9 93	8 38	14 05	15 30	11 67	16 37	14 09	20 63		
Bad debts.....	3 56	2 14	2 45	3 20	2 99	3 89	4 39	5 56		
Selling and Delivery.....	24 87	31 94	50 87	43 91	39 74	41 51	34 80	38 21		
Postage and stationery.....	1 56	2 77	3 64	3 27	3 27	2 78	4 00	3 82		
Telephone and telegraph.....	2 79	4 05	4 00	3 13	3 84	2 46	5 87	3 90		
Administration travelling and auto expense.....	1 82	0 60	2 02	0 97	3 02	0 73	4 54	0 94		
Office salaries.....	5 18	7 77	11 17	8 46	9 94	8 30	11 41	5 13		
Principals' and managers' salaries.....	7 44	9 29	15 13	14 24	15 65	19 87	32 19	33 36		
Miscellaneous expense.....	3 57	3 77	4 78	3 53	4 46	3 50	5 66	4 85		
Administration and General.....	22 36	28 25	40 74	33 60	40 18	37 64	63 67	52 00		
Interest.....	2 95	6 31	6 01	6 28	6 54	4 20	7 86	3 17		
Total expense.....	76 80	99 16	130 40	113 24	117 31	112 12	137 75	129 06		
Net profit.....	-0 32	-4 82	3 36	-2 11	-4 86	2 22	-13 27	2 65		
Number of firms.....	6	6	11	11	14	17	10	12		

* Negligible or no expense.

profit increased slightly from group to group as the amount of annual sales decreased. The relationship between sales volume and total expense is not so clear. The groups with sales between \$300,000 and \$400,000, \$100,000 and \$200,000 and under \$75,000 each, operated on the average with a lower expense ratio than the next largest size group. There does seem to be a tendency for expense per \$1,000 of sales to increase as the volume of sales diminishes. This is noticeable particularly with regard to building expense, delivery, and the salaries of principals and managers. The total expense ratio for each size group is shown graphically in figure 11. The range of the total expense ratio within

FIGURE 11: AVERAGE COST OF WHOLESALE FRUIT AND VEGETABLE DISTRIBUTION FOR 87 DEALERS GROUPED ACCORDING TO AMOUNT OF ANNUAL SALES

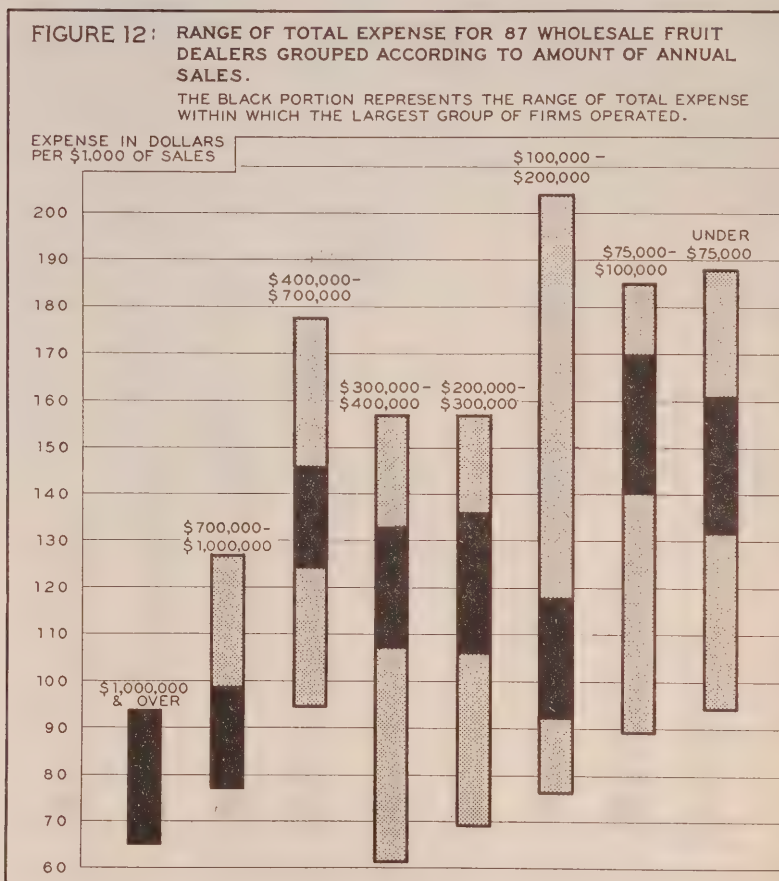


each size group is illustrated in figure 12, and also the limits within which the largest group of firms in each size classification operated. For example, the total expense ratio of the eleven firms with annual sales between \$400,000 and \$700,000 per year ranged from a low of \$95.60 per \$1,000 of sales to a high of \$177.25, but six firms operated between \$123.21 and \$145.27. There is only one firm from Central Canada in this.

A table showing the range in individual items of expense within each size group is in the appendix (table X).

Operating Results of Individual Firms

The results of trading during the two years 1935 and 1936 for each individual firm are shown in succeeding tables. These are grouped by district and a brief description of the market conditions under which each group operates is given. It is difficult to comment on any individual firm without giving out some information that might lead to its being identified and so all such comment is avoided. The tables show the detailed classification of expense used in table 7, and the division of the expense dollar for each firm is also shown in tables in the appendix.



THE MARITIME PROVINCES

No firm in the Maritimes operated on as low an expense ratio as the average of all of the 87 firms studied. The total expense ranged from just above this figure at \$106.09 per \$1,000 of sales to \$203.89, and averaged \$145.07 (table 15). The annual sales averaged \$270,000 compared with \$364,000 for all firms and were about half the average of annual sales in Montreal or Toronto (table 1). On a volume of sales basis all the main items of expense, salaries and wages,

TABLE 15.—TRADING OPERATIONS OF 11 WHOLESALE FRUIT DEALERS IN THE MARITIME PROVINCES FOR THE YEARS 1935 AND 1936
(Based on \$1,000 of Sales)

(After adjustment and after distributing interest on Plant Assets)

—	Average	1	2	3	4	5	6	7	8	9	10	11
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales.....	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00
Cost of sales.....	855 13	825 12	858 30	843 96	898 59	893 95	876 09	865 47	847 97	824 50	843 66	820 69
Gross profit.....	144 87	174 88	141 70	156 04	101 41	106 05	123 91	134 53	152 03	175 50	156 34	179 31
Expense:—												
Demurrage, car rental, heating and long at terminal.....	0 32	0 29	0 06	1 01	0 48	0 18	0 48	*	0 26	*	0 22	*
Cartage, truck and storage.....	5 57	4 16	3 52	5 86	5 89	5 85	7 26	5 81	7 25	5 32	10 86	7 06
Cold storage hired.....	1 88	1 77	4 72	4 72	*	1 18	5 64	0 99	*	0 13	0 13	0 13
Building expense.....	15 02	19 85	17 51	16 88	6 60	10 82	18 09	10 08	6 49	15 30	16 55	28 69
Warehouse wages.....	15 75	30 74	10 53	13 85	8 02	6 98	11 26	6 93	7 69	23 40	16 25	20 61
Warehousing and Establish- ment.....	38 54	56 81	31 62	44 32	20 99	25 01	42 73	23 79	21 69	45 69	48 45	56 46
Advertising.....	1 29	1 90	0 92	4 35	0 85	1 00	0 05	0 16	*	0 68	0 48	0 34
Salesmen's salaries.....	18 99	22 57	18 24	11 37	17 59	15 42	9 44	18 26	22 32	42 48	17 15	16 72
Salesmen's travelling expense.....	8 06	17 84	3 51	0 83	3 27	2 69	*	15 50	10 60	19 55	0 01	5 09
Packing materials.....	3 57	5 20	*	6 39	0 87	2 15	3 11	5 00	11 03	2 04	11 03	0 99
Delivery.....	20 53	10 15	31 71	17 08	29 47	17 55	15 95	11 14	36 24	22 73	31 31	18 72
Bad debts.....	4 54	3 52	6 68	4 44	4 51	3 14	4 42	3 89	4 71	6 54	1 93	10 73
Selling and Delivery.....	56 98	61 18	61 06	44 46	56 56	41 95	32 97	53 95	73 87	103 01	53 52	52 49
Postage and stationery.....	4 00	5 07	3 51	4 36	5 56	2 11	2 85	3 49	2 26	6 05	2 40	3 02
Telephone and telegraph.....	4 76	5 95	1 58	6 83	3 38	5 21	7 04	4 73	1 68	4 90	5 63	4 43
Administration, travelling and auto expense.....	0 88	0 12	0 21	2 25	*	6 17	*	*	*	*	*	*
Office salaries.....	11 12	24 80	7 36	10 52	6 72	2 74	5 92	4 32	12 28	12 28	6 74	15 61
Principals' and managers' salaries	16 06	8 52	15 72	28 09	10 40	7 81	17 08	33 08	16 43	12 76	23 37	39 63
Miscellaneous expense.....	4 03	7 43	1 55	2 67	0 99	6 08	2 88	0 80	2 10	8 99	3 26	7 01
Administration and General	40 85	51 89	29 93	54 72	27 05	29 62	35 77	46 42	30 11	44 98	41 40	69 10
Interest.....	8 70	7 37	5 81	13 42	10 81	9 51	6 52	7 77	5 96	10 21	12 87	9 91
Total expense.....	145 07	177 25	128 42	156 92	115 41	106 09	117 99	131 93	131 63	203 89	156 24	187 96
Net profit.....	0 20	-2 37	13 28	-0 88	-14 00	-0 04	5 92	2 60	20 40	-28 39	0 10	-8 65

* Negligible or no expense.

building expense, delivery, cartage and salesmen's travelling expense were higher on the average than for all of Canada (table 7). Some firms did confine their business to the local city market, but speaking generally sales efforts were extended to a wider area and delivery made at the wholesalers' expense to greater distances there than in any other district. In contrast with Montreal, Toronto and Vancouver, only a small proportion of sales were made on the warehouse floor. Sales were made and sales representatives maintained in Grand Manan, Newfoundland, St. Pierre, Bermuda and the British West Indies. Plentiful supplies of potatoes, vegetables, berries and tree fruits except peaches, are produced in the Annapolis and Saint John River Valleys. Ontario onions and peaches, tomatoes, basket fruits, early potatoes and other vegetables are handled in season. The West Indies supply a higher proportion of oranges and early vegetables here than elsewhere in Canada. The Boston market is a very important source of supply and buying connections are maintained there. The boat service direct to Saint John and to Halifax via Yarmouth makes Boston a convenient point to buy in less than carload quantities all varieties of fruits and vegetables when they can be bought there with advantage. In Sydney and Halifax where the number of dealers are few, there is no local association but the dealers seem to work well together in their own interests even though not formally organized. At any rate carloads are purchased co-operatively in all places. Maritime dealers handle dry lines along with the fresh fruits and vegetables. Total expense for 11 Maritime firms is shown in figure 13.

Sydney is the wholesale distributing point for the rather densely populated steel and coal mining district near the eastern extremity of Nova Scotia. Sydney and the towns within a thirty-five mile radius, Glace Bay, Sydney Mines, New Waterford and North Sydney had a combined population of 65,448¹ in 1931 and with the rural population of Cape Breton county form an isolated market area in which local merchants are exposed to very little competition from outside. With so many dependent on the coal and steel industry the purchasing power is very variable but industrial conditions were good during the period 1935 and 1936. Sydney, however, is not a compact market and delivery to the outlying towns and districts is expensive. Each dealer maintains his own delivery at present and so it would seem possible by joint action to cut the cost. One obstacle in the way of such action is the present practice of selling off the truck when delivery is being made. There is no public cold storage in Sydney and dealers must provide their own or manage without. Except for a few vegetables all supplies have to be brought into the district. In the past incoming shipments arrived by railway and to a limited extent by boat, and the merchants had little competition from truckers dealing in produce grown locally or brought in from outside districts. Paving of the provincial roads is now well advanced and motor trucks from the Annapolis Valley began to arrive in 1935 and are now becoming an important factor in the marketing of fruits and vegetables in this area.

Greater Halifax, with a population of 74,161¹ forms a more compact market than Sydney and one in which the purchasing power is less variable. Exports are made from here to Newfoundland, the West Indies and other islands. It is interesting to note that it is the practice of the wholesalers to export all the Nova Scotia potatoes that are available and then to resort to supplies from Prince Edward Island and New Brunswick. The wholesalers here meet with more competition from trucker-dealers working from the Annapolis Valley than is the case at Sydney and feel that they are losing a substantial part of the business in local produce. They consider that this has a definite influence on prices and is detrimental to the local grower.

¹ Census, 1931.

TABLE 16.—TRADING OPERATIONS OF 11 WHOLESALE FRUIT DEALERS IN
VARIOUS MARKETS IN THE MARITIME PROVINCES FOR THE
YEARS 1935 AND 1936
(Per \$1,000 of Sales.)

	Total 11 firms	Sydney 3 firms	Halifax 3 firms	St. John 5 firms
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales.....	1,000 00	1,000 00	1,000 00	1,000 00
Cost of Sales.....	855 13	870 11	869 25	833 50
Gross Profit.....	144 87	129 89	130 75	166 50
Expenses:—				
Demurrage, car rental, heating and icing at terminal.....	0 32	0 25	0 59	0 18
Cartage, track and storage.....	5 57	5 13	6 28	5 38
Cold storage hired.....	1 88		3 89	1 83
Building expense.....	15 02	11 39	15 34	17 50
Warehouse wages.....	15 75	9 06	11 69	23 77
Warehousing and Establishment.....	38 54	25 83	37 79	48 66
Advertising.....	1 29	0 70	2 01	1 21
Salesmen's salaries.....	18 99	18 87	12 06	24 15
Salesmen's travelling expense.....	8 06	4 93	1 16	15 48
Packing materials.....	3 57	0 30	4 08	5 65
Delivery.....	20 53	31 89	16 89	14 63
Bad debts.....	4 54	5 51	4 03	4 17
Selling and Delivery.....	56 98	62 20	40 23	65 29
Postage and stationery.....	4 00	3 96	3 20	4 61
Telephone and telegraph.....	4 76	2 23	6 39	5 49
Administration travelling and auto expense.....	0 88	0 09	2 81	0 06
Office salaries.....	11 12	7 20	6 70	17 31
Principals' and managers' salaries.....	16 06	14 02	18 27	15 98
Miscellaneous expense.....	4 03	1 47	3 80	6 12
Administration and General.....	40 85	28 97	41 17	49 57
Interest.....	8 70	7 58	10 13	8 51
Total Expense.....	145 07	124 58	129 32	172 03
Net Profit.....	-0 20	5 31	1 43	-5 53

Greater Saint John with a population of 55,611,¹ is the wholesale centre for a wide area including most of New Brunswick and the north shore of Nova Scotia which faces it across the Bay of Fundy; one firm maintains a branch in Charlottetown, P.E.I., as well. Dealers there complained of new wholesale competition from Kentville, Yarmouth and Fredericton, and from trucker-dealers handling produce of New Brunswick and the Annapolis Valley. There is an active local association in Saint John and in the summer of 1937 it was attempting to persuade the government to regulate these trucker-dealers whose activities they believed tended to force prices to levels where there was no profit for them or for the grower. The local association in Saint John is primarily concerned with the co-operative buying of carloads and regulation thereby of supplies coming on the market. It seemed to be the practice here to deliver by motor truck to towns and villages for considerable distances from Saint John or to pay the express to competitive points. Delivery to the Annapolis Valley and the north shore of Nova Scotia was made by coastal boats. Direct boat connection with Boston made the latter the principal source of supply.

MONTREAL, QUEBEC

The thirteen Quebec firms studied operated on the Montreal Fruit and Produce Terminal though four also had separate warehouses for at least part of the period. The total expense of these firms averaged \$85.80 per \$1,000 of

¹ Census, 1931.

FIGURE 13: TOTAL OPERATING EXPENSE OF ELEVEN WHOLESALE FRUIT FIRMS IN THE MARITIME PROVINCES.

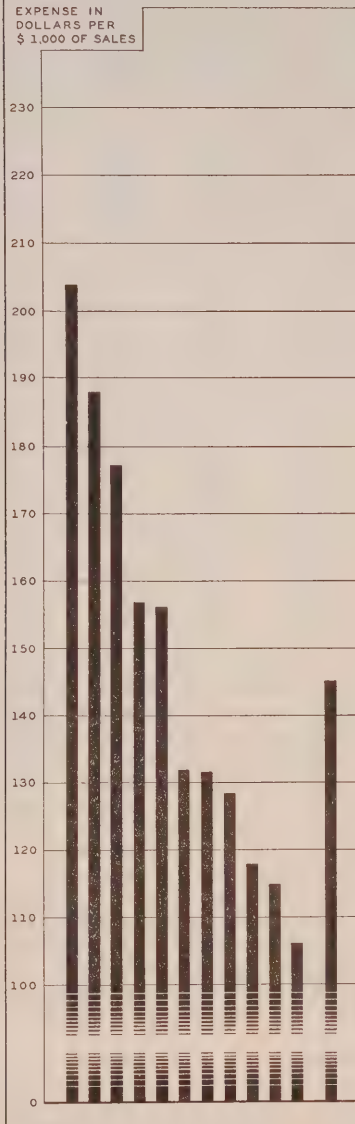
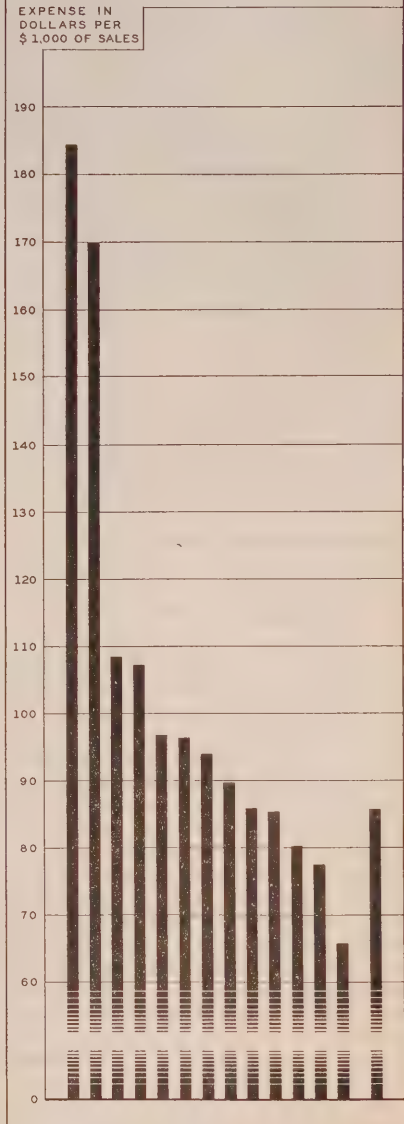


FIGURE 14: TOTAL OPERATING EXPENSE OF THIRTEEN WHOLESALE FRUIT FIRMS IN THE PROVINCE OF QUEBEC.



sales—well below the average of all Canadian firms. The total expense ratio varied from \$65.68 to \$184.23 and was below \$110 for eleven of the thirteen firms (table 17). The annual sales averaged \$596,000, the highest in any district. On a volume of sales basis, wages and salaries were lower than elsewhere in Canada and this was true of each category except office salaries which was slightly higher than in Toronto (table 7). Salesmen's travelling expenses were also lower than elsewhere, including Toronto. Greater Montreal, with a population of 1,000,159,¹ is a large compact market in itself and sales were made to a wide outside territory as well. Moreover, it was the general custom for buyers to come to the terminal which lessened considerably the expense of selling. Twenty-one dealers operating on the terminal handled 11,840 carloads of fruits and vegetables during the years 1935 and 1936, of which over 8,000 carloads were handled by the firms included in this study. Quebec produce arriving by motor truck was also received at the warehouses of the few dealers who had separate warehouses. Most of the Quebec produce was marketed elsewhere on Bonsecours Market or through the small jobbers located around that market.

The Montreal Fruit and Produce Terminal is a modern facility owned and operated by the Canadian National Railway. It was opened on August 1, 1931. It is of the open platform type and charges are on the basis of volume handled and not by space occupied. The basement beneath the main floor provides additional common storage space and there are also heated tomato rooms. The second floor is devoted to office space occupied by the wholesalers, brokers, telegraph companies, inspectors of the Fruit and Vegetable Division of the Dominion Department of Agriculture, cartage companies and other associated organizations. There is also an auction room, but auction selling was abandoned after a trial. Six dollars is charged for each car unloaded into the terminal or placed on the "perishable track," and this is good for a period of four days. After four days each package remaining on the floor is subject to an additional charge of 5 cents per day. The handling charge for moving merchandise into the basement is \$6 per car. Cellar storage is charged on a package basis, e.g., 3 cents per box, 5 cents per crate, 6 cents per bag, 8 cents per barrel, per month. Goods brought in from cold storage are subject to a charge of 3 cents per package and may remain on the floor four days without further charge. Goods are returned from basement to sales floor or moved from floor or perishable track to storage free of charge. Office rent is charged separately and varies with the size of the office. These handling and storage charges cover the use of the terminal and also the labour of unloading and handling, insurance, watchmen, and local telephone service. Complaints were heard to the effect that the terminal charges were excessive, and particularly the extra charge imposed after four days on the floor, but total Warehousing and Establishment costs averaged less per \$1,000 of sales in Montreal than in any other city except Sydney and Winnipeg.

A considerable quantity of Ontario produce, chiefly from Niagara and Leamington, is received. This is usually in cars for a number of consignees selected by the shippers. These are handled through an "Express Shed" adjacent to the terminal proper. Shipments arriving by the Canadian National Express are handled free but there is a charge on Canadian Pacific Express shipments put through this shed. During 1936 and again in 1937, the South Ontario Fruit and Vegetable Growers' Association maintained a representative in Montreal to protect their interests. Goods were consigned to individual wholesalers but this representative set prices each morning before selling started and commission men were warned that their supplies would be cut off if they did not adhere to the price set. The South Essex Co-operative Growers'

¹ Census, 1931.

TABLE 17.—TRADING OPERATIONS OF 13 MONTREAL WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1934

(Based on \$1,000 of Sales)

(After adjustment and after distributing interest on Plant Assets)

	Average	12	13	14	15	16	17	18	19	20	21	22	23	24
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales.....	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00
Cost of sales	917 13	920 09	911 86	908 70	929 70	930 98	907 58	935 24	922 31	880 59	842 05	887 24	896 76	906 46
Gross profit.....	82 87	79 91	88 14	91 30	70 30	69 02	92 42	64 76	77 69	119 41	157 95	112 76	103 24	93 54
Expense—														
Demurrage, car rental, heating and icing at terminal	4 02	6 15	0 84	2 96	5 63	4 72	8 04	1 29	2 14	0 38	*	2 72	*	3 82
Cost of truck and storage	4 93	5 07	7 26	5 29	3 44	9 11	1 96	2 08	3 98	4 89	5 80	5 87	0 56	4 95
Cold storage	4 96	5 82	7 17	5 20	3 69	9 11	9 63	1 71	12 79	21 21	6 04	2 30	1 42	2 53
Building expense	9 40	8 82	5 91	12 23	7 00	10 42	7 93	16 32	12 06	21 21	6 04	9 66	1 43	12 84
Warehouse wages	4 65	7 22	6 15	5 61	*	5 52	4 82	4 50	1 01	4 06	0 05	1 85	*	3 54
Warehousing and Establishment.....	27 48	32 23	25 76	31 89	17 56	30 28	31 30	29 26	20 48	41 31	11 89	19 40	13 41	27 18
Advertising.....	0 27	0 01	0 83	0 20	0 30	*	0 04	0 35	0 67	0 03	0 53	0 21	*	*
Salesmen's salaries	10 38	5 81	10 73	15 92	8 28	8 87	4 18	28 82	4 09	15 35	46 31	*	16 24	7 57
Stock handling expense	0 33	0 01	*	*	*	0 30	*	*	*	*	*	*	*	*
Packing materials.....	0 42	1 71	*	*	*	0 20	*	*	*	*	*	*	*	*
Delivery.....	11 00	9 90	16 90	13 66	8 16	8 28	9 60	9 40	10 15	11 39	*	0 65	0 73	5 43
Bad debts	3 96	7 60	5 46	2 62	1 38	1 57	2 74	2 36	2 89	2 94	15 16	1 95	2 77	1 16
Selling and Delivery.....	26 06	25 03	33 92	32 40	18 10	19 61	16 56	40 83	17 80	29 61	62 00	2 11	30 33	14 16
Postage and stationery	1 71	1 84	1 44	1 08	1 16	1 80	1 21	2 00	3 59	4 95	3 84	4 08	5 06	3 84
Telephone and telegraph	3 11	1 45	1 84	3 19	5 10	3 52	3 15	4 55	4 15	4 90	9 78	10 91	6 52	5 30
Auto travelling and auto expense	6 37	6 07	0 90	2 56	4 21	5 72	3 16	3 40	3 49	27 34	10 02	6 52	1 31	4 61
Office salaries	10 57	6 43	9 12	7 41	8 36	5 53	29 23	13 22	10 82	13 43	10 45	5 24	9 67	12 51
Principals' and managers' salaries	4 18	2 91	4 88	6 81	2 86	3 23	3 61	3 24	4 37	7 43	5 35	3 41	2 81	2 89
Miscellaneous expense.....														
Administration and General.....	28 31	19 55	22 66	27 49	27 55	21 29	43 68	30 14	35 26	81 97	82 47	63 80	62 06	53 48
Interest.....	3 95	3 33	3 06	2 12	2 47	6 31	5 19	6 94	2 35	16 95	27 87	4 47	2 69	1 63
Total expense.....	85 80	80 14	85 40	93 90	65 68	77 49	96 73	107 27	75 89	169 94	184 23	89 78	108 49	96 40
Net profit.....	-2 93	-0 23	2 74	-2 60	4 62	-8 47	-4 31	-42 51	1 80	-50 53	-26 28	22 98	-5 25	-2 86

* Negligible or no expense.

Association consigned their produce to a broker who sold it to various dealers at what appeared to be the best price possible after considering conditions on the market.

The Montreal Fruit and Vegetable Trade Association was formed recently and maintains an office in the Fruit Terminal Building and since January 10, 1936, has been operating a Credit Bureau for the benefit of its members. The weekly fee in 1936 varied from \$3 to \$7, depending upon the size of the business. Eighteen dealers are members of this association, and with credit being given only to those who are entitled to it and who do not abuse the privilege, it is believed that bad debts will be cut to the minimum.

There are not many cars purchased jointly in Montreal, partly because dealers are more able to handle carlot quantities, but largely it would seem, because competition is keen and the habit of co-operative action is not well developed. Much was heard about market gluts caused by the arrival of too many cars of a particular commodity due to this independent buying policy.

Complaint was also heard that in such circumstance some firms were able to break or avoid their purchase contracts and sell at prices that occasioned the more ethical dealer a serious loss.

Only two of the dealers owned their own trucks. The others hired all cartage and delivery. This was divided between a number of different trucking companies working independently of each other with consequent duplication of delivery routes.

There appeared to be keener competition between dealers in Montreal than in any of the other markets visited and quite a bit was heard about unfair competition. Only four firms were able to show a profit after interest on investment; nine firms show a loss for the period and on the average the loss per \$1,000 of sales was 23 cents before interest and \$2.93 after interest was provided for. The total expense ratio for each Montreal firm is shown in figure 14.

TORONTO, ONTARIO

The eighteen Ontario firms studied operated in or adjacent to the Market Block in Toronto. They all carried on their business during the summer months in the Fruit Auction Building at the foot of Yonge Street or in the adjoining Esplanade Terminal Building. There are no direct railway connections at either location.¹ Total expense averaged \$81.97 per \$1,000 of sales, the lowest for any market studied. Total expense varied from \$61.59 to \$124.89, which was the narrowest range found in any district (table 18). The annual sales of these firms average \$499,000, second to Montreal and well above the Canadian average. On a volume of sales basis salaries and wages were lower than anywhere except Montreal. Salesmen's travelling expense was also much below other averages except Montreal. Delivery expense and administration and general expense were lower than in Montreal. Cartage from track and storage was higher in Toronto than elsewhere due to the lack of direct railway sidings (table 7). Greater Toronto, with a population of 808,864,² is a very considerable market in itself and it is also the centre of wholesale distribution for a wide area. As in Montreal it was customary for buyers to come to the market, and comparatively few salesmen were used other than on the sales floor. Buyers took away with them a substantial part of their purchases, which helped to reduce the cost of delivery. In Toronto a special group of jobbers handle all bananas and the dealers studied do not handle this fruit.

Toronto is bordered on the west by a fruit- and vegetable-growing district extending around the west end of Lake Ontario to Niagara. From this district,

¹ For a more complete description, see The Wholesale Distribution of Fresh Fruits and Vegetables in the City of Toronto. Technical bulletin 673, Dominion Department of Agriculture.

² Census, 1931.

TABLE 18.—TRADING OPERATIONS OF 18 TORONTO WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936
(Based on \$1,000 of Sales)

(After adjustment and after distributing interest on Plant Assets)																				
	Average	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	
Sales.....	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	
Cost of sales.....	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	
Gross profit.....	923 57	933 25	933 13	941 13	913 52	917 26	909 19	949 34	921 04	911 41	879 80	929 57	918 22	903 08	888 86	907 48	918 25	909 49	913 46	
Expenses:—	76 48	60 75	64 88	58 87	59 48	82 74	90 81	56 66	78 96	88 59	120 20	70 63	81 28	96 92	111 14	92 52	81 77	90 51	86 54	
Demurrage, car rental, heating and rental at terminal.....	2 46	2 26	3 65	5 35	6 82	1 93	0 03	*	0 53	2 23	*	1 01	*	0 51	0 80	*	0 14	*	*	
Cartage, track and storage.....	5 51	4 50	5 28	4 85	5 43	5 03	7 70	5 85	5 33	5 84	2 79	5 70	4 55	6 43	11 11	9 53	7 81	7 26	5 84	
Cold storage hired.....	3 19	5 16	2 71	2 90	2 82	2 02	3 97	3 81	1 18	12 05	*	1 30	1 21	2 01	2 44	0 94	12 74	3 27	23 46	
Building expense.....	8 63	4 68	5 44	6 04	9 73	9 83	9 93	9 00	10 55	9 86	16 46	14 87	9 55	12 86	14 00	13 03	12 74	11 37	0 84	
Warehouse wages.....	8 92	7 03	10 13	14 77	10 94	14 33	6 17	6 63	3 92	5 79	7 91	3 25	3 66	3 66	4 33	8 02	7 81	0 88	0 84	
Warehousing and Establishment.....	28 31	23 63	28 21	33 91	32 92	34 19	27 80	25 29	2 151	35 77	27 16	26 13	17 86	24 47	32 68	31 14	28 77	22 28	30 14	
Advertising.....	0 89	0 55	0 16	0 12	0 28	0 28	1 03	0 16	0 63	0 61	1 26	0 16	0 66	*	*	0 20	0 11	0 43	0 12	
Salesmen's salaries.....	12 22	9 02	12 83	5 35	7 88	17 55	24 49	6 09	18 68	26 14	28 28	9 36	7 87	6 23	13 19	11 41	1 37	6 15	12 31	
Salesmen's travelling expense.....	0 46	*	*	0 52	*	3 11	2 29	*	*	*	*	*	*	*	*	*	*	*	0 20	
Packing materials.....	1 43	2 00	0 92	1 56	1 07	0 78	0 48	0 52	1 04	2 10	0 02	0 71	*	1 82	0 26	*	*	1 03	*	
Delivery.....	6 81	5 49	6 95	5 14	6 58	7 19	9 42	2 84	6 52	7 83	8 23	6 97	5 56	7 86	13 14	11 64	9 55	8 88	7 14	
Bad debts.....	2 17	2 26	1 23	0 73	5 97	2 79	0 48	3 01	2 17	0 53	2 02	0 67	*	2 37	2 31	7 37	1 77	0 88	0 57	
Selling and Delivery.....	23 31	19 32	22 09	13 42	21 78	32 00	38 19	12 62	29 94	37 21	39 81	17 87	14 09	18 28	28 90	30 62	12 80	17 37	20 34	
Postage and stationery.....	2 15	1 60	2 10	2 23	1 25	3 09	2 05	1 03	2 62	3 21	4 79	1 18	2 26	1 58	1 71	4 26	3 30	1 64	2 86	
Telephone and telegraph.....	2 86	2 86	2 84	4 50	1 44	4 71	3 35	1 15	1 14	3 14	3 85	1 07	4 54	0 95	1 25	1 87	1 75	3 37	2 80	
Administration travelling and auto expense.....	1 06	1 66	1 21	0 47	0 14	0 04	*	0 71	0 40	3 59	7 94	1 26	0 08	*	*	1 50	*	0 18	0 89	
Office salaries.....	6 26	3 62	5 22	6 38	7 19	6 23	8 04	4 50	5 65	8 39	15 55	7 62	3 69	6 23	10 72	10 63	5 71	7 11	9 28	
Principals' and managers' salaries.....	10 68	8 91	3 85	10 86	14 45	3 96	8 94	9 97	8 54	12 16	10 57	11 07	22 10	24 11	25 26	22 21	18 13	24 81	24 48	
Miscellaneous expense.....	2 92	1 65	3 35	2 76	2 70	4 37	2 84	2 66	2 17	4 38	3 29	3 41	1 65	2 33	5 26	4 75	3 76	2 95	4 44	
Administration and General.....	25 93	20 30	18 57	27 20	27 17	22 40	25 22	20 02	20 52	34 87	45 99	25 61	34 32	35 20	44 23	45 22	32 65	40 06	44 75	
Interest.....	4 52	2 83	3 80	8 01	2 34	9 70	4 39	3 66	2 53	4 43	11 93	3 96	3 16	1 79	1 81	4 61	2 42	2 99	2 63	
Total expense.....	81 97	66 08	72 67	82 54	84 21	98 29	95 60	61 59	74 50	112 28	124 89	73 57	69 43	79 74	107 62	111 59	76 64	82 70	97 86	
Net profit.....	-5 54	0 67	-7 79	-23 67	2 27	-15 55	-4 79	-10 93	4 46	-23 69	-4 69	-2 94	11 85	17 18	3 52	-19 07	5 13	7 81	-11 32	

*Negligible or no expense.

from Leamington and from other producing districts, great quantities of Ontario-grown produce, estimated at 138,000 tons in 1935, are received in Toronto by motor truck. About one-third of this was sold through the wholesalers. Most of what the wholesalers receive, and practically all of the more perishable commodities, are handled on consignment. The commission usually charged is 12½ per cent of the selling price plus a handling charge depending on the size of the package. Gross profit for all commodities handled averaged 7.6 per cent and no firm in Toronto achieved a gross profit as high as the commission charged to Ontario growers. By value about 15 per cent of the total products handled by wholesalers in 1935 was produced by Ontario growers and sold on consignment.¹ With the hope of escaping the commission charge and of obtaining a higher net return for their produce, many growers have turned more and more to the motor truck and are selling and delivering direct to retailers or to trucker-dealers. A wholesale trucking market has developed on the western outskirts of the city through which substantial quantities of locally grown fruits and vegetables are sold by growers and trucker-dealers direct to retailers and to pedlars. The wholesalers complain that they are losing the trade in Ontario-grown produce and that they receive only what is left after the retail trade has been supplied and a price established. Supplies also arrive in Toronto by motor truck from Buffalo and Detroit. Several wholesalers carry on this form of activity, using their own buyers and their own motor trucks, and in this study the estimated cost of transportation has been charged to cost of sales. Others participating in this business handle on commission or buy from one of several trucker-dealers who specialize in this business between Buffalo, Detroit, and Toronto.

The land in the market block is owned by the city of Toronto and is held on long-term lease by the wholesalers who own the buildings, unused parts of which are sublet to other wholesalers or to brokers and others. The Fruit Auction Building is owned by the Canadian National Railways and leased to the Toronto Fruit Auction Co. Ltd., ownership of which is vested in some of the principal wholesalers. This company leases space to the dealers who occupy it. It cannot accommodate all and the overflow is housed in the Esplanade Fruit Terminal Company's building at the foot of Scott street. The buildings in the Market Block stand more or less idle from early May to late October. Most of the buildings are quite old and the traffic congestion is so serious at both locations that buyers turn more readily to the trucking market or adopt the practice of buying at the store door in order to avoid the congestion and consequent delay.

The dealers are organized as the Toronto Wholesale Fruit and Vegetable Association and operate a credit bureau and collection agency at 26 Church street. This has been doing good work for some years now and losses from bad debts were lower in Toronto than elsewhere. The association has been active recently in the promotion of a new terminal facility and plans are now being prepared. It is expected that provision will be made for a growers' trucking market in connection with this new terminal facility.

A high proportion of the sales are made to out-of-town buyers who assume the cost of delivery. A large proportion of the purchases are taken away by buyers in their own trucks. Of deliveries at the wholesalers' expense about one-half are made in privately owned trucks and the remainder by the Toronto Wholesale Fruit Delivery. This trucking company has a number of trucks regularly assigned to the delivery of fresh fruits and vegetables and can assign additional trucks during rush periods. Such service is contracted for on either a package or monthly basis. Several dealers changed from the package to the monthly basis during the period under review, because they believed it to their advantage to have trucks entirely at their disposal (as they have under the monthly arrangement) and not be tied to regular delivery routes and hours.

¹ The Wholesale Marketing of Fresh Fruits and Vegetables in the City of Toronto. Technical bulletin 673, Dominion Department of Agriculture.

The co-operative buying of carloads was not on an organized basis in Toronto but a great deal of this was done by two or more firms joining together in the purchase of a single car. There was not as much heard about "unfair" competition in Toronto as in Montreal but competition appears to be quite keen. Ten of the eighteen firms conducted business at a loss, which averaged \$1.04 per \$1,000 of sales for all Toronto firms before charging interest, and was \$5.54 after interest on investment was deducted. The total expense ratio for each Toronto firm is shown in figure 15.

THE PRAIRIE PROVINCES

The outstanding feature of the wholesale fruit business on the Prairies is the large-scale type of organization and the relationship with trade in other food products. Consolidated Fruit Company Limited, itself a subsidiary of P. Burns and Co. Ltd., through two wholly-owned subsidiary operating companies, The National Fruit Co. Ltd., and the Scott Fruit Company Ltd., conducts business at about twenty points in the three provinces. Dominion Fruit Ltd., a wholly-owned subsidiary of Western Grocers, Ltd., also operates branch houses at many points but under different names. Macdonalds Consolidated Limited, associated with Safeway Stores Limited and Piggly Wiggly Ltd., and controlled

TABLE 19.—TRADING OPERATIONS OF 19 WHOLESALE FRUIT DEALERS

(Based on \$1,000

(After adjustment and after

	Average	43	44	45	46	47	48	49	50
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales.....	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00
Cost of sales.....	873 89	863 46	857 18	856 00	855 95	868 17	860 76	902 98	884 26
Gross profit.....	126 11	136 54	142 82	144 00	144 05	131 83	139 24	97 02	115 74
Expense.—									
Demurrage, car rental, heating and icing at terminal.....	*	*	*	*	*	*	—	*	*
Cartage, track and storage.....	0 51	*	*	*	1 84	0 52	0 57	1 22	*
Cold storage hired.....	1 55	0 26	1 67	1 37	3 71	0 09	*	10 09	0 74
Building expense.....	13 25	13 78	13 44	9 31	7 96	16 04	17 26	6 95	19 64
Warehouse wages.....	14 36	15 43	14 67	10 18	10 89	18 16	20 52	11 20	10 81
Warehousing and Establishment.....	29 67	29 47	29 78	20 86	24 40	34 81	38 35	29 46	31 19
Advertising.....	0 46	0 08	0 05	0 13	0 68	0 60	0 59	0 11	0 06
Salesmen's salaries.....	22 89	22 87	26 53	29 98	24 64	26 47	22 71	9 91	21 62
Salesmen's travelling expense.....	12 24	21 80	10 63	13 28	19 21	16 53	17 76	*	19 98
Packing materials.....	1 30	1 71	3 11	1 77	2 14	*	*	1 22	2 84
Delivery.....	15 30	7 75	15 06	21 43	27 47	9 92	10 83	10 97	11 96
Bad debts.....	2 26	0 84	0 72	1 36	2 84	2 23	1 27	5 65	2 81
Selling and Delivery.....	54 45	55 05	56 10	67 95	77 08	55 75	53 16	27 86	59 27
Postage and stationery.....	3 64	3 86	3 60	5 09	4 50	3 96	3 99	1 70	4 13
Telephone and telegraph.....	3 74	6 52	4 44	3 59	4 06	5 36	4 90	1 26	2 41
Administration travelling and auto expense.....	0 91	0 87	0 77	0 54	*	0 78	0 78	0 49	0 75
Office salaries.....	10 37	13 92	10 89	11 10	8 85	9 38	9 22	9 93	14 65
Principals' and managers' salaries.....	12 23	8 44	10 12	10 91	16 25	10 77	11 98	20 44	9 12
Miscellaneous expense.....	4 83	5 78	6 51	7 05	3 96	3 54	3 60	0 75	6 59
Administration and General.....	35 72	39 39	36 33	38 28	37 62	33 79	34 47	34 57	37 65
Interest.....	4 80	3 39	2 84	2 90	6 17	5 72	6 22	10 12	4 04
Total expense.....	124 64	127 30	125 05	129 99	145 27	130 07	132 20	102 01	132 15
Net profit.....	1 47	9 24	17 77	14 01	—1 22	1 76	7 04	—4 99	—16 41

* Negligible or no expense.

in the United States, operates a chain of branch wholesale houses throughout the West and though primarily engaged in the distribution of groceries has fruit and vegetable departments; recently this company has been acquiring ownership of straight fruit and vegetable companies. Of the nineteen prairie firms studied, nine are branch houses of these large companies.

Total expense averaged \$124.64 per \$1,000 of sales and ranged from \$92.04 to \$163.02 and nine firms operated within the fairly narrow range \$116.64 to \$135.31 (table 19). The annual sales averaged \$347,000 for each firm, slightly below the average for all firms in the study. On a volume of sales basis salesmen's salaries and travelling expenses were higher than for any other district and warehouse wages, delivery and office salaries were each higher than the Canadian average (table 7). The territory covered is quite extensive and includes the mining areas in northern Manitoba and northwestern Ontario. The population outside the principal cities is scattered and the distances great—all of which makes its expensive to reach the trade. Practically all of the wholesalers were located on railway sidings so that cartage from track was not a heavy item of expense.

The Prairie Provinces are rapidly becoming self-sustaining in the supply of vegetables and in some years have an exportable surplus of potatoes. Early vegetables and practically all fruits have to be obtained from outside sources.

IN THE PRAIRIE PROVINCES FOR THE YEARS 1935 AND 1936

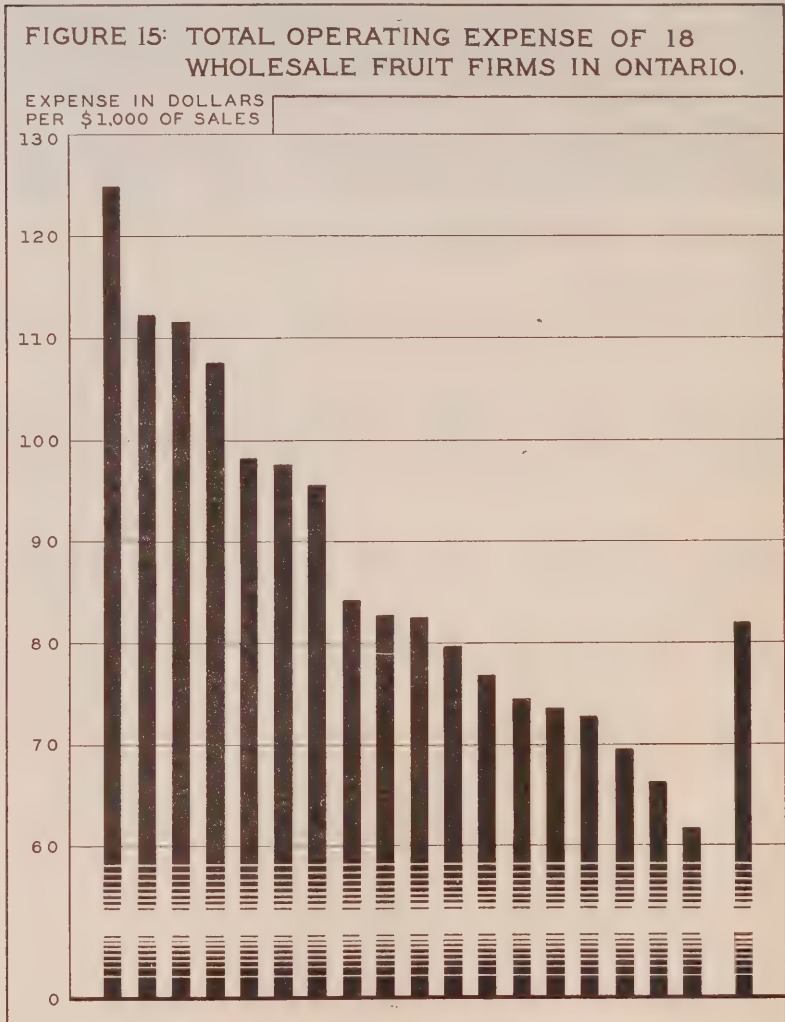
of Sales)

distributing interest on Plant Assets)

51	52	53	54	55	56	57	58	59	60	61
\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00
883 45	901 00	869 37	897 59	873 20	900 55	912 03	891 61	890 75	869 12	858 67
116 55	99 00	130 63	102 41	126 80	99 45	87 97	108 39	109 25	130 88	141 33
*	*	*	*	*	*	*	*	*	*	*
0 88	*	0 53	*	0 64	1 07	1 15	1 95	*	*	*
0 14	1 11	0 30	0 87	0 02	0 62	0 21	*	1 48	*	9 08
17 08	8 00	23 01	12 72	20 98	7 83	9 16	10 37	8 19	10 33	8 77
11 70	16 60	17 81	11 28	20 54	13 29	5 61	11 74	29 24	28 59	12 97
29 80	25 71	41 65	24 87	42 18	22 81	16 13	24 06	38 91	38 92	30 82
0 15	2 26	1 27	0 04	1 57	0 31	*	1 04	*	0 27	*
23 43	14 54	27 09	20 09	28 51	20 12	26 90	24 36	*	*	15 57
6 65	9 07	9 68	4 90	14 07	*	*	2 97	*	6 77	*
*	*	*	3 11	*	1 04	0 57	0 37	*	0 14	0 65
16-69	11 32	10 12	20 57	12 26	20 26	21 78	4 48	34 85	52 69	44 40
2 11	2 04	2 68	3 30	2 58	2 56	1 65	9 61	1 12	1 58	*
49 03	39 23	50 84	52 01	58 99	44 29	50 90	42 83	35 97	61 45	60 62
3 58	1 49	4 18	2 66	4 81	2 36	2 03	2 18	4 90	4 43	2 36
1 99	2 80	3 04	2 57	3 59	1 70	1 46	2 69	4 01	5 00	1 56
0 78	1 84	0 78	0 54	0 77	3 59	1 01	0 19	6 18	5 52	2 59
9 01	5 42	10 24	11 61	12 56	10 74	4 06	7 47	9 92	*	12 05
12 65	9 13	13 08	15 77	11 57	7 35	12 52	13 39	24 85	*	44 59
5 89	2 81	4 15	6 67	5 27	2 28	2 57	3 28	1 09	23 07	3 67
33 90	23 49	35 47	39 82	38 57	28 02	23 65	29 20	50 95	38 02	66 82
3 91	4 99	7 35	2 22	8 99	3 69	1 36	1 94	3 45	7 61	4 76
116 64	93 42	135 31	118 92	148 73	98 81	92 04	98 03	129 28	146 00	163 02
-0 09	5 58	-4 68	-16 51	-21 93	0 64	-4 07	10 36	-20 03	-15 12	-21 69

Canadian produce is brought in from British Columbia chiefly, although at certain seasons Ontario grown commodities are offered for sale as far west as Calgary. Very little of this is handled on consignment, and the general practice is to make firm purchases. Commodities are brought in to Winnipeg from United States markets by motor truck, and dealers in Regina complained of motor truck arrivals from British Columbia to the west and of vegetables from Manitoba to the east. Trucks for delivery purposes were both owned and hired, but ownership by the individual firm was most common.

About 10 per cent of the sales in the Prairie Provinces consisted of "dry lines," tobacco, confectionery and canned goods. The proportion varied with



Average operating expenses of group indicated by bar on right.

different firms but in the districts suffering from drought, the practice of selling such commodities was becoming more general as a means of keeping up volume and helping to carry overhead charges. Co-operative buying was practised in the three markets visited and it was the custom of the local dealers, or some of them, to hold weekly meetings to arrange the necessary details and to discuss problems generally.

Greater Winnipeg, with a population of 284,129¹, is the fourth largest market area in Canada and the distributing centre for a large territory. The firms confining their sales to Winnipeg should compare favourably with Toronto and Montreal in the matter of selling expenses. Those firms, which sent salesmen into the mining areas of Ontario and Manitoba, however, or covered the prairie towns and villages around about, were at much greater expense in obtaining sales volume. Deliveries were made to outlying towns by motor truck in the summer months and by express in the winter, delivery charges in both cases being paid by the wholesaler, a result of business competition in these towns.

The Midland Railway Company owns and operates a modern terminal on Ross Avenue occupied by six firms. This facility is of the warehouse or stall type, each firm having a separate part of the building to itself and paying a monthly rental for the space occupied. There are several individual cold storage plants in this building. Other firms are located elsewhere in the city.

Some of the firms are organized as the Winnipeg Wholesale Fruit Association for the purpose of buying carloads and as a credit bureau. A charge of \$25 per car is made to cover the cost of prorating. Credit is extended on a bi-monthly basis instead of weekly as in Montreal and Toronto.

Regina, with a population of 53,209¹, is a distributing centre for southern Saskatchewan. This territory has been subject to drought for a number of years and under these conditions an attempt has been made to keep up sales volume by handling "dry goods" also. There are wholesale fruit houses in Moose Jaw, Saskatoon and other Saskatchewan cities so that the Regina territory is more confined than would appear at first glance. The firms here are well-equipped with good buildings, and cold storage facilities on which the overhead is a heavy load, considering the reduced sales volume. Operations in Regina resulted in a loss of \$11.37 per \$1,000 of sales on the average during the two years studied. Bad debts at \$3.49 per \$1,000 of sales were only slightly above the Canadian average.

Calgary, with a population of 83,761¹, is the distributing centre for southern Alberta, and since Edmonton has grown in importance as a centre of distribution for the northern part of the province, Calgary has a more restricted territory than formerly. Most of the firms in Calgary are well equipped with good buildings on railway sidings, and several are provided with private cold storage. Economic conditions here were much better than in Regina during the period being reviewed. Although there was drought in the eastern part of the province, the rest of the territory was reasonably prosperous and the Turner Valley, owing to the development of oil wells there, was booming. Some interest was shown in an Alberta law requiring a minimum mark-up of 5 per cent over the wholesale price. It was hoped by this measure to eliminate price cutting and the use of "loss leaders."² There was no local credit association and so the low bad debt rate—the lowest in any city visited—reflects entirely the good work of the individual managers.

Eight prairie firms obtained a net profit after charging interest on investment and the nineteen averaged a profit of \$4.77 per \$1,000 of sales before interest or \$1.47 after charging interest on investment. The total expense ratio for each of the firms in the Prairie Provinces is shown in figure 16.

¹ Census, 1931.

² Sacrifice of price on particular commodities in an attempt to increase sales volume.

TABLE 20.—TRADING OPERATIONS OF 19 WHOLESALE FRUIT DEALERS IN
VARIOUS MARKETS IN THE PRAIRIE PROVINCES FOR THE YEARS
1935 AND 1936

(Based on \$1,000 of Sales)

	Total 19 firms	Winnipeg 8 firms	Regina 5 firms	Calgary 6 firms
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales.....	1,900 00	1,000 00	1,000 00	1,000 00
Cost of Sales.....	873 89	871 14	877 85	875 50
Gross Profit.....	126 11	128 86	122 15	124 50
EXPENSES:—				
Demurrage, car rental, heating and icing at terminal.....	x	x	x	x
Cartage, track and storage.....	0 51	0 61	0 54	0 38
Cold storage hired.....	1 55	2 98	0 33	0 31
Building expense.....	13 25	10 91	19 40	13 30
Warehouse wages.....	14 36	12 32	15 88	16 22
Warehousing and Establishment.....	29 67	26 82	36 15	30 21
Advertising.....	0 46	0 20	0 88	0 60
Salesmen's salaries.....	22 89	22 67	24 30	22 50
Salesmen's travelling expense.....	12 24	9 77	13 21	14 93
Packing materials.....	1 30	1 93	0 98	0 67
Delivery.....	15 30	19 65	12 18	11 27
Bad debts.....	2 26	2 35	3 49	1 56
Selling and Delivery.....	54 45	56 57	55 04	51 53
Postage and stationery.....	3 64	3 71	4 09	3 33
Telephone and telegraph.....	3 74	3 24	3 00	4 72
Administration travelling and auto expense.....	0 91	0 69	0 87	1 19
Office salaries.....	10 37	10 26	11 53	9 06
Principals' and managers' salaries.....	12 23	14 54	10 96	9 90
Miscellaneous expense.....	4 83	5 11	5 84	4 00
Administration and General.....	35 72	37 55	36 29	33 10
Interest.....	4 80	4 57	6 04	4 49
Total Expense.....	124 64	125 51	133 52	119 33
Net Profit.....	1 47	3 35	—11 37	5 17

x Negligible or no expense.

VANCOUVER, BRITISH COLUMBIA

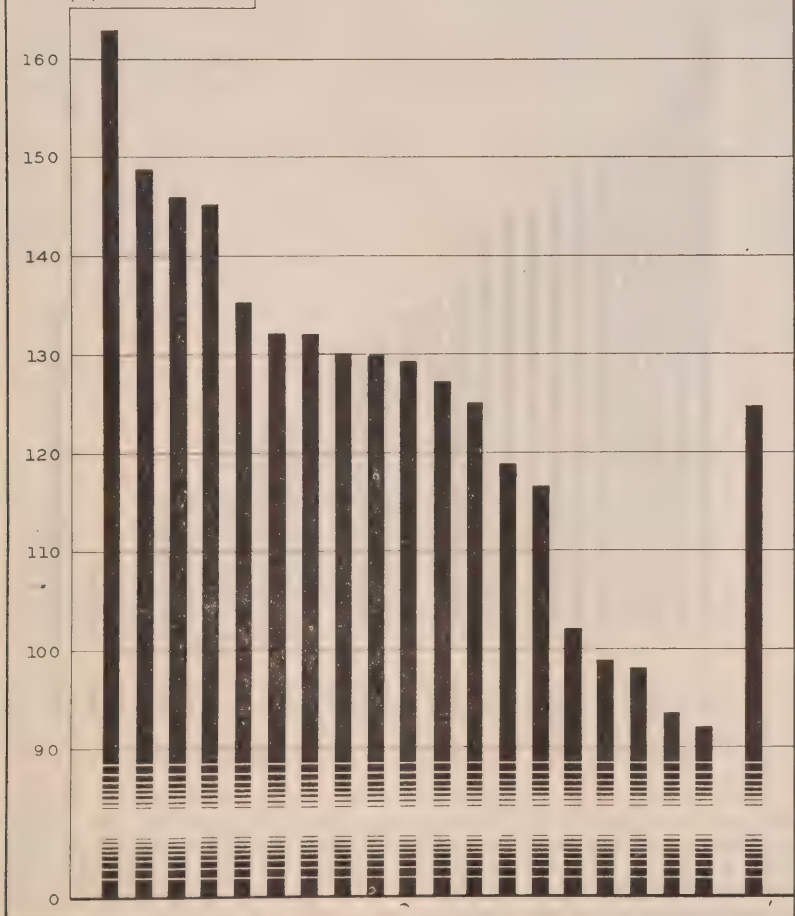
Greater Vancouver, with a population of 308,340¹, forms the third largest market area in Canada, and in addition, the wholesale fruit dealers there supply, with practically no outside competition, part of Vancouver Island, the coast towns and villages, and a considerable part of the interior. The steamship companies afford another outlet. Like Toronto, Greater Vancouver is situated in close proximity to producing areas and the market receives large supplies of vegetables and fruits grown within the province. Unlike Toronto most of the receipts from part of the producing area—the interior—are by rail, though truck traffic is increasing. Then, too, during recent years the marketing of local products has been regulated by various commodity marketing boards. For these two reasons the wholesale trade has not been exposed to competition from trucker-dealers as in Toronto and elsewhere. On the other hand, when handling commodities coming under the regulations of a marketing board, the wholesaler has had to pay licence fees to the board or boards. Vancouver differs from Toronto too, because very little local produce is handled on consignment whereas most of the business is on this basis in Toronto. Just as the West Indies were a special source of supply for the Maritimes, California and the islands of the

¹ Census of Canada, 1931.

Pacific contribute in a special way to the supplies available in Vancouver. Supplies trucked in from Seattle and other United States points are also a factor in the local situation. Vancouver has acquired strong labour organizations from the Pacific Coast States. Laws regulating the hours of labour and the wages paid appeared to be more rigid and more strictly enforced in Vancouver than in any other Canadian city visited. The type of large-scale organization found on the Prairies was also present in Vancouver though it was not the dominating factor. Five firms in Water Street are controlled by the Pacific Fruit and Produce Co. of Seattle, and the ownership of another group of firms was closely held.

FIGURE 16: TOTAL OPERATING EXPENSE OF 19 WHOLE-SALE FRUIT FIRMS IN THE PRAIRIE PROVINCES.

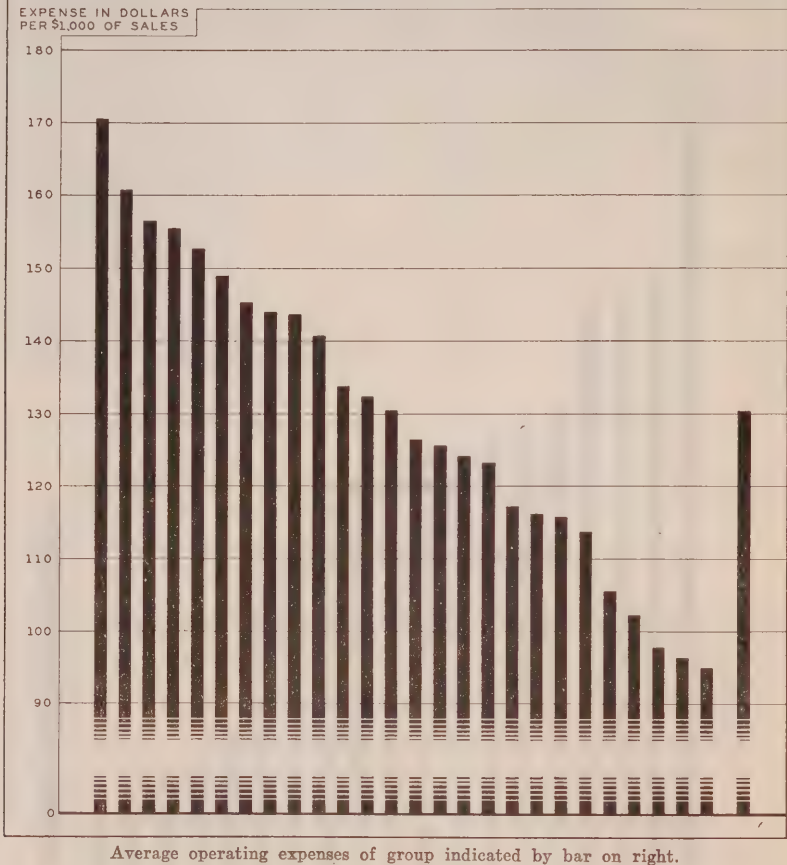
EXPENSE IN DOLLARS
PER \$1,000 OF SALES



Average operating expenses of group indicated by bar on right.

Total expense for the twenty-six British Columbia firms averaged \$132.83 per \$1,000 of sales (table 21) and was well above the Canadian average of \$105.76 (table 7). Eleven firms operated between \$113 and \$134 per \$1,000 of sales (figure 1). Annual sales averaged \$197,000 per firm and on a volume of sales basis, salaries and wages were higher on the average than in any other district (table 5). There are two well-defined types of markets operating in Vancouver and it would seem well to discuss these separately. The total expense ratio for each Vancouver firm is shown in figure 17.

FIGURE 17: TOTAL EXPENSE OF 26 WHOLESALE FRUIT FIRMS IN BRITISH COLUMBIA.



Water Street.—The operating results of fourteen firms located in Water Street are shown in table 22. These firms are much the same as those studied in other cities. Primarily they are carload receivers and sell to Vancouver buyers and to country dealers and shipping companies. A very considerable amount of the selling is done on the warehouse floor as in Montreal and Toronto. The warehouses are on a railway siding but there is some cartage from docks and

TABLE 21.—TRADING OPERATIONS OF 26 WHOLESALE FRUIT DEALERS IN TWO VANCOUVER LOCALITIES FOR THE YEARS 1935 AND 1936

(Based upon \$1,000 of Sales)

	Total	Water St.	Keefer and Georgia St.
	\$ cts.	\$ cts.	\$ cts.
Sales.....	1 000 00	1,000 00	1,000 00
Cost of Sales.....	861 16	858 48	874 79
Gross Profit.....	138 84	141 52	125 21
EXPENSES:—			
Demurrage, car rental, heating and icing at terminal.....	*	*	*
Cartage, track and storage.....	1 41	0 70	5 02
Cold storage hired.....	1 54	1 27	2 97
Building expense.....	13 08	12 38	16 62
Warehouse wages.....	17 21	18 41	11 07
Warehousing and Establishment.....	33 24	32 76	35 68
Advertising.....	0 39	0 25	1 07
Salesmen's salaries.....	17 98	20 32	6 11
Salesmen's travelling expense.....	4 51	5 37	0 11
Packing materials.....	4 13	3 74	6 10
Delivery.....	15 10	14 30	19 15
Bad debts.....	3 60	3 33	4 99
Selling and Delivery.....	45 71	47 31	37 53
Postage and stationery.....	3 82	3 95	3 19
Telephone and telegraph.....	4 00	4 03	3 92
Administration travelling and auto expense.....	3 09	3 51	0 90
Office salaries.....	9 81	10 83	4 64
Principals' and managers' salaries.....	21 92	19 89	32 28
Miscellaneous expense.....	4 68	4 88	3 65
Administration and General.....	47 32	47 09	48 58
Interest.....	6 56	7 41	2 20
Total Expense.....	132 83	134 57	123 99
Net Profit.....	6 01	6 95	1 22

*Negligible or no expense.

from other railway terminals and to and from storage. Some of the warehouses are equipped with cold storage. They include the five houses controlled from Seattle. Almost without exception the independent houses are members of the Vancouver Produce Distributors, primarily a co-operative buying agency financed by the deposits of member firms varying in amount with the size of the firm. The cars are bought by the agency and billed to members at an advance over cost. This may be sufficient to meet the office and other expenses or additional levies may be made. Any excess held by the Produce Distributors over the operating cost is returnable to the members.

Delivery for the five Pacific Fruit and Produce houses is made by one fleet of trucks owned by the parent company and organized as a separate trucking company. Five other firms use the Vancouver Fruit Express which delivers to various sections of the city at regular and stated hours. All using this service expressed themselves as satisfied that it was more economical than owning their own trucks. The other firms continued to own and operate their own trucks.

Total expense for the Water Street firms averaged \$134.57 and seven firms operated between \$113.76 and \$130.45 per \$1,000 of sales. The annual sales averaged \$287,000 per firm compared with \$364,000 for all Canada. On a volume of sales basis, total salaries and wages at \$69.45 per \$1,000 of sales were considerably higher than the Canadian average of \$47.73, largely due to the labour legislation and the higher average salary of principals. Ten of the

TABLE 22.—TRADING OPERATIONS OF 14 WATER STREET, VANCOUVER, WHOLESAL FRUIT DEALERS FOR THE YEARS 1935 AND 1936

(Based on \$1,000 of Sales)

(After adjustment and after distributing interest on Plant Assets)

	Average	62	63	64	65	66	67	68	69	70	71	72	73	74	75
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00
Cost of sales	858 48	865 33	870 55	826 29	855 99	852 82	866 66	858 64	845 11	885 33	846 22	878 90	884 64	863 90	839 97
Gross profit	141 52	134 67	129 45	173 71	144 01	147 18	133 34	141 36	154 89	114 67	153 78	121 10	115 36	136 10	160 03
Expense—															
Demurrage, car, rental,															
heating and icing at															
terminal	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
Carriage, track and storage	0 70	0 31	0 27	0 80	0 36	0 71	3 67	1 40	0 64	0 38	0 37	0 34	0 75	0 60	1 03
Collection	0 27	0 31	0 27	3 01	0 36	3 47	2 14	2 34	2 69	0 38	0 94	*	3 62	1 50	*
Building expense	12 38	9 64	12 12	13 13	10 01	9 96	11 47	13 90	12 26	18 58	15 11	20 43	18 31	26 02	25 59
Warehouse wages	18 41	24 72	20 27	14 40	12 55	27 14	10 35	17 76	24 05	8 53	7 88	11 27	18 26	10 30	1 28
Warehousing and															
Establishment	32 76	34 67	32 66	32 00	24 12	40 28	27 63	35 00	39 64	27 49	24 30	32 04	40 94	38 42	27 95
Advertising	0 35	*	*	1 26	*	0 07	0 65	0 39	0 56	*	*	*	*	*	0 21
Salesmen's salaries	20 32	21 21	24 50	21 55	11 50	2 662	22 72	18 50	13 63	19 08	29 85	8 34	*	23 79	21 64
Salesmen's travelling ex-															
pense	5 37	9 93	5 97	0 36	1 10	7 95	*	14 08	6 60	0 31	*	0 96	8 44	*	3 18
Packing materials	3 74	4 57	5 03	3 95	2 37	6 23	5 18	3 26	3 26	0 31	0 84	0 94	0 80	0 38	*
Delivery	14 30	15 04	13 41	15 23	17 52	13 51	11 01	12 60	12 23	18 32	7 83	16 58	13 23	11 41	21 44
Bad debts	3 33	0 80	0 52	7 26	2 07	2 71	4 04	7 79	5 35	2 18	10 83	1 01	8 64	8 13	2 86
Selling and Delivery	46 31	51 55	49 43	49 61	34 56	57 09	43 60	53 36	41 93	42 71	48 59	27 83	32 13	43 71	49 33
Postage and stationery	3 95	4 45	3 84	4 53	2 83	5 02	3 30	3 07	4 03	3 83	3 97	2 40	3 05	2 26	5 01
Telephone and telegraph	4 65	3 91	3 68	5 74	3 09	6 26	3 47	4 62	3 21	3 30	1 13	2 77	3 30	1 60	4 83
Administration, travelling															
and auto expense	3 51	0 73	0 73	16 16	0 74	*	6 60	0 43	11 21	0 74	0 80	0 78	0 42	*	5 14
Office salaries	10 83	7 73	8 77	10 99	10 43	12 65	11 69	23 67	12 67	7 88	12 81	11 89	14 46	37 5	9 97
Principals' and managers'															
salaries	19 89	11 73	10 64	37 13	27 84	12 42	21 94	12 89	29 34	22 09	26 43	27 99	37 53	*	31 17
Miscellaneous expense	4 88	4 03	3 37	8 20	6 09	3 73	6 48	7 04	5 24	2 86	3 23	2 79	5 34	1 68	3 65
Administration and															
General	47 09	32 58	31 03	82 81	51 07	40 08	53 48	51 72	65 70	40 80	49 37	48 57	64 10	9 29	59 77
Interest	7 41	7 80	10 09	6 00	6 09	8 10	5 74	8 94	9 61	6 20	1 88	5 32	6 82	3 51	3 79
Total expense	134 57	126 60	123 21	170 42	115 84	145 55	130 45	149 02	156 88	117 20	124 14	113 76	143 99	94 93	140 84
Net profit	6 95	8 07	6 24	3 29	28 17	1 63	2 89	-7 66	-1 99	-2 53	29 64	7 34	-28 62	41 17	19 19

*Negligible or no expense.

TABLE 23.—TRADING OPERATIONS OF 12 KEEFER STREET AND GEORGIA STREET, VANCOUVER, WHOLESAL FRUIT DEALERS FOR THE YEARS 1935 AND 1936

(Based on \$1,000 of Sales)

(After adjustment and after distributing interest on Plant Assets)

	Average	76	77	78	79	80	81	82	83	84	85	86	87
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00
Cost of sales	874 79	897 73	846 91	875 87	849 78	879 01	882 38	848 14	877 37	898 99	840 06	896 16	893 35
Gross profit	125 21	102 27	153 09	124 13	150 22	120 99	117 62	151 86	122 63	101 01	159 94	103 84	106 65
Expense:—													
Demurrage, car rental, heating and icing at terminal	*	*	*	*	*	*	*	*	*	*	*	*	*
Carrage, track and storage	5 02	2 03	19 14	3 85	3 88	1 99	2 62	5 10	1 75	3 57	9 69	3 18	*
Cold storage hired	2 97	2 72	0 32	3 74	1 62	4 55	5 48	5 29	1 22	8 99	8 99	8 23	*
Building expense	10 62	22 11	16 85	15 74	8 53	8 53	26 00	2 16	10 54	23 52	17 57	9 51	35 81
Warehouse wages	11 07	7 95	21 87	13 03	15 74	8 16	13 91	*	1 99	9 98	43 87	12 37	10 45
Warehousing and Establishment	35 68	35 11	58 28	27 57	21 24	22 53	38 01	30 55	15 50	37 07	80 51	33 18	46 26
Advertising	1 07	*	4 45	0 48	*	*	*	*	1 64	*	6 89	*	2 30
Salesmen's salaries	6 11	6 81	19 43	19 43	*	*	*	*	15 95	9 15	11 03	7 68	*
Salesmen's travelling expense	0 11	*	*	1 01	*	*	*	*	*	*	*	*	*
Packing materials	6 10	2 15	22 26	2 95	21 56	14 30	1 51	8 81	1 39	*	2 76	*	35 82
Delivery	19 15	18 25	19 14	21 82	11 63	0 95	14 84	25 06	15 72	20 24	14 19	28 61	*
Bad debts	4 99	1 63	4 45	9 78	*	*	2 06	13 85	3 97	16 30	1 83	3 03	5 87
Selling and Delivery	37 53	28 84	50 30	55 47	33 19	15 25	18 41	47 72	38 67	45 69	37 90	33 22	44 09
Postage and stationery	3 19	1 07	2 56	2 78	7 90	1 89	2 05	2 12	2 83	1 84	3 07	3 55	15 90
Telephone and telegraph	3 92	4 46	4 58	2 12	4 75	2 23	3 74	8 65	3 70	2 75	2 96	2 68	3 66
Administration travelling and auto expense	0 90	2 57	*	0 24	*	*	*	*	0 33	*	8 83	*	*
Office salaries	4 64	*	7 35	8 70	*	5 27	*	*	12 06	*	20 67	*	17 76
Principals' and managers' salaries	32 28	21 26	21 93	23 45	81 30	60 85	29 63	43 70	51 96	13 18	18 72	18 72	8 02
Miscellaneous expense	3 65	0 21	10 52	2 83	1 54	8 23	0 21	*	3 88	0 50	2 32	7 61	8 46
Administration and General	48 58	29 57	46 94	40 22	95 49	78 47	35 63	54 47	74 76	18 27	37 95	32 56	53 80
Interest	2 20	4 27	*	2 59	2 45	*	4 29	1 21	3 61	1 08	4 40	1 45	*
Total expense	123 99	97 79	155 52	125 85	152 37	116 25	96 34	133 95	132 54	102 11	160 76	105 41	144 15
Net profit	1 22	4 48	-2 43	-1 72	-2 15	4 74	21 28	17 91	-9 91	-1 10	-0 82	-1 57	-37 50

* Negligible or no expense.

fourteen firms obtained a profit after interest on investment was charged, and the fourteen averaged a profit of \$6.95 per \$1,000 of sales—also after adjustment of interest charges.

Keefer and Georgia Street.—The wholesale houses on Keefer Street and Georgia Street east of Main Street were of a different type to most of the others included in this study. They were small firms and the annual sales averaged only \$71,800 per firm. They were not primarily carload receivers but handled chiefly locally-grown vegetables and small fruits. Several were co-operative associations of oriental growers. A number located in this section of the city were primarily engaged in trucking from the Seattle market. Most of the sales were made in the city of Vancouver. There was no railway siding in this section and cartage was therefore higher than usual in Western Canada. Most of the salesmen and office men were principals, in fact the number of principals per firm was quite high.

On a volume of sales basis Warehousing and Establishment costs were high, delivery was high and principals' salaries particularly high. Total salaries and wages at \$54.10 per \$1,000 of sales were above the Canadian average of \$47.73 but well below the Water Street average of \$69.45.

The Financial Set-up in the Wholesale Fruit Business

The financial set-up of firms engaged in the wholesale fruit business is illustrated in tables 24, 25 and 26. This information is presented for firms in Eastern Canada only, because in the West, financing was done at the head office of the companies operating branches and comparison of financial arrangements is not possible. To publish the information for the few firms for which it is available might lead to the identification of western firms.

Table 24 consists of a balance sheet made up by averaging two balance sheets for forty-one firms. In table 25 is presented in condensed form the average of two balance sheets for each of forty-one firms with total assets or liabilities equal to \$100. On the average 58.8 per cent of the capital employed is owned and 41.2 per cent borrowed. Only 7.2 per cent of the capital in use is borrowed on deferred or long-time terms and of this about half represents advances from directors or from the estates of deceased members of the firm, some of which might perhaps be included in net worth or owned capital. Over half the short-term credit is supplied by trade and other creditors and the balance by the chartered banks. Current assets are nearly double current liabilities on the average and are about 62.2 per cent of total assets. Cash or its equivalent, i.e., bonds and other marketable securities, cash surrender value of life insurance, deposits with customs and utilities, make up about one-sixth of this, accounts receivable about three-fifths and fruits and vegetables and other merchandise on hand about one-quarter. The investment in plant assets is relatively small and amounts to only 18 per cent of the total assets. Plant assets averaged 12.5 per cent of total assets in Montreal, which was a much lower ratio than in the Maritime Provinces or Toronto. A high proportion of the cost of plant assets had been charged to operations prior to the period studied as shown by the size of the depreciation reserves in the balance sheet (table 24). Other assets not included above averaged 19.8 per cent of the total. Prepaid items and deferred charges to expense made up a small part of this. A variety of items grouped under the general heading of investments made up most of these other assets. They consisted of investments in subsidiary or related companies, and the bonds or shares of local enterprises, the market for which was doubtful, real estate not at present used in the business and sales agreements or mortgages receivable acquired in the disposal of such property, loans to shareholders and other non-current receivables. Goodwill averaged \$5.266 per firm, about 7.5 per cent of total assets (see table IV in the appendix).

TABLE 24.—TYPICAL BALANCE SHEET REPRESENTING THE AVERAGE OF FORTY-ONE WHOLESALE FRUIT DEALERS' BALANCE SHEETS FOR THE TWO YEARS 1935 AND 1936

ASSETS			
CURRENT ASSETS.....			\$43,424
Cash on hand or in bank.....		\$ 3,032	
Marketable securities.....		2,572	
Life insurance (cash surrender value).....		1,210	
Deposits with customs and utilities.....		775	
Accounts receivable.....	\$28,374		
Deduct:—Reserve for bad debts.....	2,846	25,528	
Merchandise on hand.....		10,307	
		<u>43,424</u>	
PLANT ASSETS.....			12,538
Land and buildings.....	13,374		
Deduct:—Reserve for depreciation on buildings.....	3,504	9,870	
Warehouse and office equipment.....	1,491		
Deduct:—Reserve for depreciation on equipment.....	665	826	
Motor trucks and automobiles.....	3,305		
Deduct:—Reserve for depreciation on trucks and cars.....	1,463	1,842	
		<u>12,538</u>	
OTHER ASSETS.....			13,895
Prepaid items and deferred charges.....		314	
Investments, non-current, including advances to shareholders.....		8,315	
Goodwill.....		5,266	
		<u>13,895</u>	
TOTAL ASSETS.....			<u>\$69,857</u>

LIABILITIES AND NET WORTH			
CURRENT LIABILITIES.....			\$23,782
Bank loans, overdrafts and cheques outstanding.....	\$10,282		
Accounts payable and accrued.....	13,500		
		<u>23,782</u>	
DEFERRED LIABILITIES.....			5,077
Mortgages payable.....	2,479		
Directors' advances and other deferred liabilities.....	2,598		
		<u>5,077</u>	
TOTAL LIABILITIES.....			<u>\$28,859</u>
NET WORTH.....			40,998
Owner's equity—invested capital plus earnings to date			

TOTAL LIABILITIES AND NET WORTH..... \$69,857

TABLE 25.—CONDENSED BALANCE SHEETS OF 41 WHOLESALE FRUIT FIRMS
IN EASTERN CANADA

Firm number	Total Assets = \$100			Total liabilities = \$100		
	Current	Plant	Other	Current	Deferred	Net worth
	\$	\$	\$	\$	\$	\$
Maritime Provinces						
1.....	71.4	24.7	3.9	27.2	6.5	66.3
2.....	66.7	24.7	8.6	24.6	54.1	21.3
3.....	43.7	26.7	29.6	27.4	.....	72.6
4.....	53.8	22.8	23.4	18.9	.....	81.8
5.....	86.3	6.5	7.2	41.1	.....	58.9
6.....	55.5	44.5	.....	14.2	.....	85.8
7.....	90.4	4.0	5.6	57.2	.....	42.8
8.....	86.1	11.1	2.8	18.7	.....	81.3
9.....	84.2	11.3	4.5	93.8	3.3	2.9
10.....	73.1	24.8	2.1	38.2	.....	61.8
11.....	90.0	10.0	.....	10.1	.....	89.9
Average.....	65.5	23.0	11.5	30.5	8.2	61.3
Montreal						
12.....	84.7	6.9	8.4	47.8	3.6	48.6
13.....	80.0	5.2	14.8	54.5	.....	45.5
14.....	71.1	25.3	3.6	42.9	8.4	48.7
15.....	95.8	3.7	0.5	12.4	.....	87.6
16.....	59.0	34.2	6.8	17.7	24.4	57.9
17.....	93.4	6.6	.....	59.1	1.3	39.6
18.....	93.3	5.8	0.9	28.8	.....	71.2
19.....	68.8	7.9	23.3	80.0	7.1	12.9
20.....	51.7	3.3	45.0	8.4	25.3	66.3
21.....	27.4	0.2	72.4	3.1	.....	96.9
22.....	24.1	1.0	74.9	33.2	30.4	36.4
23.....	89.3	0.8	1.9	42.0	9.1	48.9
24.....	98.8	0.2	.....	71.2	.....	28.8
Average.....	73.6	12.5	13.9	36.5	7.0	56.5
Toronto						
25.....	59.2	18.9	21.9	35.0	1.5	63.5
26.....	47.6	9.8	42.6	43.5	11.5	45.0
27.....	35.1	0.5	64.4	44.9	.....	55.1
28.....	94.0	4.2	1.8	51.7	3.5	44.8
29.....	32.1	34.8	33.1	19.5	13.5	67.0
30.....	65.3	14.2	20.5	31.4	24.5	44.1
31.....	84.4	1.6	14.0	6.5	.....	93.5
32.....	80.8	15.0	4.2	44.7	1.3	54.0
33.....	51.3	24.6	24.1	38.8	.....	61.2
34.....	48.9	31.7	19.4	32.1	8.0	50.9
35.....	53.7	44.4	1.9	39.8	11.4	48.8
36.....	63.6	36.4	.....	35.1	10.6	54.3
37.....	81.3	17.4	1.3	23.6	.....	76.4
38.....	65.7	31.9	2.4	31.3	.....	68.7
39.....	65.7	32.8	1.5	31.2	.....	68.8
40.....	80.1	17.0	2.9	58.5	.....	41.5
41.....	81.4	18.6	.....	38.0	.....	62.0
Average.....	54.0	18.0	28.0	34.8	6.8	58.4
Eastern Canada Average.....	62.2	18.0	19.8	34.0	7.2	58.8

Balance Sheet Ratios.—Some ratios developed from the balance sheets and operating statements of firms in Eastern Canada are given in table 26. Current assets were 2.15 times the amount of current liabilities in the Maritimes; they averaged 2.02 times in Montreal and only 1.55 in Toronto. This current ratio averaged 1.83:1 for Eastern Canada and as the firms generally seemed adequately supplied with working capital indicates a reasonably good current position for a business with such rapid turnover even though not up to the generally accepted 2:1 ratio. The turnover of receivables averaged approximately 17:1 for Eastern Canada. This means that on the average, credit was extended for a period of 21 days. Sales were 7.58 times receivables in the Maritimes, 24.27 times receivables in Montreal and 19.6 times receivables in

Toronto. In other words, on the average, credit was extended for 48 days in the Maritimes, 15 days in Montreal and 18 days in Toronto. As the sales figures include both cash and credit sales the credit sales remained uncollected for a longer period in each case than that stated. Merchandise inventory turned over about 42 times each year and averaged about 20 times in the Maritimes, 57 times in Montreal and 48 times in Toronto. This would be more than once a week in Montreal, less than once a week in Toronto and more rapidly than every third week in the Maritimes. This ratio was calculated by using the average of three year-end inventories and would be improved by using the average of the monthly inventories throughout the year, but it does

TABLE 26.—SOME BALANCE SHEET RATIOS OF WHOLESALE FRUIT FIRMS
IN EASTERN CANADA

Firm number	Current ratio	Turnover of receivables	Turnover of inventory	Net worth to debt	Return on capital
Maritime Provinces					
1.....	\$	\$	\$	\$	\$
1.....	2.62	8.77	14.19	1.97	2.55
2.....	2.71	15.32	11.29	0.27	35.23
3.....	1.59	5.79	26.77	2.65	4.71
4.....	2.85	6.19	33.18	4.29	-0.28
5.....	2.10	6.72	74.75	1.43	5.92
6.....	3.91	9.47	23.32	6.04	10.57
7.....	1.58	6.47	39.99	0.75	8.34
8.....	4.60	12.18	25.61	4.35	19.59
9.....	0.90	4.80	24.90	0.03	-83.75
10.....	1.91	4.83	10.49	1.62	5.03
11.....	8.91	8.09	25.22	8.90	-0.03
Average.....	2.15	7.58	19.89	1.58	4.92
Montreal					
12.....	1.77	28.90	56.82	0.95	4.18
13.....	1.47	15.81	84.71	0.83	11.12
14.....	1.66	19.17	48.07	0.95	0.55
15.....	7.72	40.95	87.89	7.06	16.95
16.....	3.33	29.86	45.03	1.38	-8.06
17.....	1.58	29.96	56.42	0.66	-8.10
18.....	3.24	18.25	24.16	2.47	-24.53
19.....	0.86	50.80	59.79	0.15	36.16
20.....	6.15	17.86	17.21	1.97	-12.04
21.....	8.84	12.91		31.26	0.25
22.....	0.73	82.36	161.46	0.57	111.37
23.....	2.13	32.75	179.28	0.96	-12.33
24.....	1.39	42.32	83.95	0.40	-31.49
Average.....	2.02	24.27	56.72	1.30	-0.42
Toronto					
25.....	1.69	16.40	93.31	1.74	5.54
26.....	1.09	14.45	39.12	0.82	-4.99
27.....	0.78	25.81	31.29	1.23	-16.13
28.....	1.82	22.80	152.19	0.81	11.60
29.....	1.65	18.21	60.94	2.03	-4.05
30.....	2.08	20.06	20.12	0.79	-1.72
31.....	12.98	24.08	71.77	14.38	-2.57
32.....	1.81	26.84	38.95	1.17	19.01
33.....	1.32	26.19	31.19	1.58	-19.47
34.....	1.52	21.96	51.93	1.49	1.87
35.....	1.35	49.62	34.18	0.95	-1.45
36.....	1.81	20.93	28.41	1.19	26.05
37.....	3.44	37.32	82.17	3.24	41.25
38.....	2.10	87.54	46.95	2.19	14.48
39.....	2.11	14.70	59.25	2.21	-14.42
40.....	1.37	17.34	72.14	0.71	20.26
41.....	2.14	47.55	47.33	1.63	28.02
Average.....	1.55	19.60	48.10	1.68	-1.03
Average for Eastern Canada.....	1.83	16.83	42.15	1.43	0.60

(-) Denotes a minus return on capital.

serve to illustrate the comparative turnover between markets and between firms on the different markets. The net worth to debt ratio indicates the number of times owned capital is of capital obtained from outside sources and thus the degree to which the business is independent of creditors. On the average owned capital was 1.4 times the amount obtained from creditors. The return on capital has been calculated as the percentage that profits earned or losses sustained were of the average net worth. The profits used here are before interest on investment included in the cost statements has been charged. The return on capital averaged 0.6 per cent and was 4.92 per cent for the Maritimes. Losses of 0.42 per cent in Montreal and 1.03 per cent in Toronto were sustained. Apparently more than a rapid turnover is needed to ensure a profit. The gross profit achieved has been given in other tables.

The financial strength cannot be judged by ratios alone. The relationships may be satisfactory but the amount of capital available may be so small that some unexpected reverse may cause difficulty. Or the relationships may be all wrong and so much capital available that the business can continue for some time before finally being wound up. However, used intelligently they should be a useful guide to any manager in the conduct of his business.

Comparison of Trading in the Years 1929 and 1936

Some data on wholesale costs in Toronto and Montreal were gathered by the Economics Division of the Marketing Service in 1930 by means of which it is possible to compare trading in the year 1929 with the year 1936. Detailed information is available for six firms in both years. The sales of these six firms amounted to \$5,248,758 in 1929 and to \$5,311,345 in 1936 (table 27). The Dominion Bureau of Statistics wholesale price indexes (1926 = 100) were 91.3 and 75.9 for fresh fruits and vegetables respectively in 1929 and had declined to 80.4 and 69.7 in 1936. Therefore the slight increase in the amount of sales

TABLE 27.—TRADING OPERATIONS OF SIX WHOLESALE FRUIT FIRMS FOR THE YEARS 1929 AND 1936

	1929	1936
	\$	\$
Sales.....	5,248,758	5,311,345
Gross profit.....	502,316	358,851
Total expense.....	425,741	347,264
Net profit.....	76,575	11,587
Interest on investment.....	24,026	25,762
Profit or loss after interest.....	52,549	-14,175

in 1936 over 1929 probably represents a very substantial increase in volume measured in tons or packages. In spite of this increase in physical volume the cost of distribution was substantially less in 1936; expenses reported by wholesalers decreased from \$425,741 to \$347,264. However, gross profit dropped from \$502,316 to \$358,851 and in 1936 these six dealers failed by \$14,175 to make 5 per cent on their investment whereas in 1929 they had sufficient margin to cover interest and make an additional profit of \$52,549 as well. Although complete data are not available with respect to principals' salaries in 1929 they were evidently higher than in 1936. The most likely explanation of the decrease in gross profit is keen competition for business in a well-supplied market suffering from a lack of purchasing power. The increase in competition was present both within and without the trade; many trucker-dealers had found an opportunity to start in business during the depression period.

The average results of trading for these six firms for each year are shown in table 28 with sales equal to \$1,000. In 1929 gross profit was \$95.70 per \$1,000 of sales but in 1936 this had been cut to \$67.56. The grower received a larger portion of the consumer's dollar in 1936 than in 1929, but as prices were lower he was not necessarily any better off. So far as sales on consignment were concerned the rate was the same in both years, 12½ per cent of the selling price in Toronto, and with lower prices both grower and wholesaler received less per package. Total expense was \$15.46 per \$1,000 of sales lower in 1936 than in 1929, having decreased from \$85.69 to \$70.23 on the average for these six firms.

TABLE 28.—TRADING OPERATIONS AND COSTS OF SIX WHOLESALE FRUIT FIRMS IN MONTREAL AND TORONTO FOR THE YEARS 1929 AND 1936

(Based on \$1,000 of sales)

	1929	1936
	\$ cts.	\$ cts.
Sales.....	1,000 00	1,000 00
Cost of sales.....	904 30	932 44
Gross profit.....	95 70	67 56
EXPENSE:—		
Rent, light, heat and power.....	2 74	2 75
Depreciation of buildings, furniture and fixtures.....	1 93	1 08
Taxes.....	1 19	1 25
Insurance.....	1 59	0 88
Advertising.....	0 68	0 33
Provision for bad debts.....	5 22	0 93
Cartage, delivery and auto expense.....	8 82	9 73
Travelling.....	1 37	1 40
Salaries and wages.....	46 09	37 43
Stationery.....	1 26	1 09
Telephone and telegraph.....	2 80	3 17
General expense.....	4 47	5 08
Interest and bank charges.....	9 42	7 59
Less: Rent and other income received.....	—1 89	—2 48
Total Expense.....	85 69	70 23
Net Profit.....	10 01	—2 67
Interest on investment included above.....	4 58	4 85

The most substantial cut occurred in salaries and wages, which were reduced \$8.62 per \$1,000 of sales from \$46.07 to \$37.43. Provision for bad debts had decreased from \$5.22 to 93 cents, a difference of \$4.29 per \$1,000 of sales. Interest and bank charges were down to \$7.59 from \$9.42. Rents and other income received had increased slightly, which also helped to reduce total expense. Rent remained about the same and cartage and delivery and telephone and telegraph had increased appreciably. In 1929 there was an average profit of \$10.01 and in 1936 an average loss of \$2.67, a difference of \$12.68 per \$1,000 of sales in favour of the consumer and grower at the wholesaler's expense.

The operating results of the six firms are shown individually for both years in table 29. Five firms obtained a greater profit in 1929 than 5 per cent on their investment (A B C D F). Except for D, all failed to make this in 1936 and all five showed a decrease in net profit in 1936. Four of these firms (B C D F) had a lower gross profit in 1936 than in 1929 and all but F had lower expenses. However, gross profit had decreased more than expense so that the net result was a loss or substantial decrease in profit. Firm A increased both gross profit and expense in 1936 and the result was a substantial loss. Firm E was an excep-

TABLE 29.—OPERATIONS OF 6 WHOLESALE FRUIT FIRMS IN MONTREAL AND TORONTO FOR THE YEARS 1929 AND 1936

	A		B		C		D		E		F	
	1929	1936	1929	1936	1929	1936	1929	1936	1929	1936	1929	1936
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Sales.....	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00	1,000 00
Cost of sales.....	913 24	903 66	876 23	914 69	902 31	941 25	897 39	941 84	896 61	886 33	918 93	933 20
Gross profit.....	86 76	96 34	123 77	85 31	97 69	58 75	102 61	58 16	103 39	113 67	81 07	66 80
Expenses:—												
Rent, light, heat and power.....	2 03	3 95	2 30	6 53	1 51	2 47	2 37	0 53	10 75	8 86	1 99	2 97
Depreciation of buildings, furniture and fixtures.....	0 19	1 99	0 35	0 30	0 83	.....	3 14	2 15	2 23	3 20	1 72	.....
Taxes.....	1 60	3 74	0 65	1 24	0 93	1 00	0 26	0 27	3 68	4 35	1 53	2 07
Insurance.....	1 85	1 57	0 58	0 54	1 25	0 38	1 23	0 60	3 04	1 67	1 90	1 94
Advertising.....	0 87	0 21	1 15	0 85	0 27	0 07	0 31	0 30	3 09	1 28	0 28	0 15
Provision for bad debts.....	2 91	6 65	2 06	0 25	3 97	-0 02	11 98	0 65	1 80	2 57	2 46	1 60
Cartage, delivery and auto expense.....	9 23	14 40	12 78	8 56	12 14	12 99	9 27	6 20	9 88	15 02	4 08	10 48
Travelling.....	0 43	1 43	0 98	1 07	0 33	0 37	2 68	1 08	5 09	2 35	0 20	3 36
Salaries and wages.....	37 80	65 60	82 74	54 53	51 82	30 82	40 21	32 40	53 80	56 71	37 97	34 25
Stationery.....	0 87	2 59	1 24	0 85	1 12	0 83	1 01	0 98	2 96	2 68	1 29	0 93
Telephone and telegraph.....	0 75	2 13	1 04	3 32	4 45	2 65	0 91	3 22	1 54	3 43	4 38	3 83
General expense.....	4 07	7 63	5 67	5 00	5 00	5 18	3 88	3 79	5 45	7 44	4 10	6 33
Interest and bank charges.....	6 28	6 76	9 69	6 16	6 58	6 62	7 96	5 31	13 84	15 27	12 79	11 97
Less: Rent and other income received.....	-1 04	-3 15	.....	.....	.....	-1 99	-0 72	-1 72	-10 43	-8 02	-2 69	-4 29
Total expense.....	67 94	115 48	122 23	89 23	91 25	61 37	84 50	55 76	107 05	117 09	72 00	75 59
Net profit (after interest)....	13 82	-19 14	1 54	-3 92	6 44	-2 62	18 11	2 40	-3 66	-3 42	9 07	-8 79
Interest at 5% on average investment included above.....	4 17	4 78	5 10	3 45	4 28	3 54	4 55	4 69	5 55	6 74	4 56	7 51

tional one and the gross profit increased from \$103.39 in 1929 to \$113.67 per \$1,000 of sales in 1936. Total expense increased also but not by so much, and in 1929 the loss after interest was provided for was \$3.66 but this was slightly less at \$3.42 per \$1,000 of sales in 1936.

Judging by this sample, the wholesale fruit business was quite profitable in 1929 but had become considerably less profitable from the wholesaler's point of view during the depression and was not highly profitable in 1936. It cannot be determined with certainty from these data whether the benefit of a narrower margin was passed on to the grower or the consumer but indications are that most of the saving went to the consumer.

Summary and Conclusions

This study concerns the operating costs of 87 wholesale fruit and vegetable dealers located in nine of the principal markets in Canada. It covers the two years 1935 and 1936. The sales of these dealers amounted to \$61,861,000 for the two years or nearly 40 per cent of the total for all Canada and represents a much higher proportion of the business on the markets included. The Dominion Bureau of Statistics estimates the wholesale sales of fresh fruits and vegetables for 1935 and 1936 to be \$75,480,000 and \$83,236,000 respectively. These figures indicate the size of the wholesale fruit trade and the importance of the products handled by them.

Data are available for six firms in Toronto and Montreal for the years 1929 and 1936 from which it is possible to compare the financial results of operations conducted under different general economic conditions. The sales of these firms amounted to over \$5,000,000 in both years but the gross profit which in 1929 averaged \$95.70 per \$1,000 of sales was reduced to \$67.56 in 1936. Thus, in 1936 out of each \$1,000 realized by the wholesaler from the sale of fruits and vegetables there was available for the grower or shipper \$28.14 more than in 1929. To meet these changed conditions an effort was made to reduce expenses and these were brought down \$15.46 per \$1,000 of sales between 1929 and 1936. Apparently it was not possible to curtail expenses at a rate corresponding to the reduction in gross margin so that part of the reduced gross profit had to be absorbed by the dealers themselves. After provision for 5 per cent interest on owned capital, these six wholesalers had averaged a profit of \$10.01 per \$1,000 of sales in 1929 but in 1936 this was changed to a loss of \$2.67.

Competition has developed both within the trade and from trucker dealers. The introduction of the motor truck and the paving of roads has disturbed the old marketing channels. The present is a period of readjustment in which the trend appears to be towards terminal markets where all produce is assembled whether arriving by truck or railway. In Winnipeg and Montreal where terminals are in operation, warehousing costs were lower than in any other city except Sydney. Although warehousing costs varied less than any other cost, a terminal market, if not built on too expensive a plan should be a worthwhile investment. Such a market should have plenty of space around it and provision should be made for trucker dealers and farmers so that they will not be forced to establish a competing market as has happened in Toronto.

During 1935 and 1936 there was a considerable variation in the cost of wholesale distribution of fresh fruits and vegetables among different firms and on different markets. The average cost of the 87 firms was \$105.76 per \$1,000 of sales and market averages varied from \$81.97 in Toronto to \$172.03 in Saint John. Distribution cost did not vary definitely in relation to sales volume, but was affected in a general way by the different methods used to attain sales volume. For instance, in Montreal and Toronto where the buyers came to the warehouse, the expense for salesmen's salaries was a lower ratio, \$10.38 and

\$12.22 per \$1,000 of sales respectively, than in the other districts where it was the custom for salesmen to call on the buyer and where this ratio varied from \$17.98 in British Columbia to \$22.89 in the Prairie Provinces.

While the chances are about 2 to 1 that an expense ratio below average will result in a net profit on operations, mark-up is also important and many dealers sold on too narrow a margin to cover the average costs on their particular market.

The cost of delivery varied considerably, from \$6.81 per \$1,000 of sales in Toronto to \$31.89 in Sydney, and it would seem possible for this expense to be curtailed. On those markets where it is the custom of the majority of the buyers to come to the warehouse, sales might be made f.o.b. warehouse and the buyer be required to take his purchases in his own trucks or pay an extra delivery charge. A single delivery system making regular deliveries to different parts of the city for a group of wholesalers is now functioning in Vancouver with good results, and in Toronto about half the wholesalers do not use their own trucks but make use of the services of one delivery company. The use of a single delivery service, for that part of the merchandise not taken by customers in their own conveyances, offers possibilities of economy.

On several markets the local dealers bought carloads of produce co-operatively. This helped to regulate the supplies arriving and thus stabilized prices in some measure.

Credit associations are also functioning successfully in most of the larger markets and are keeping down the loss from bad debts.

In order that dealers may co-operate for their common benefit in these and other ways it is essential that they be located near one another. A terminal market affords the greatest opportunity for such co-operation, not only for their own benefit, but to ensure efficient service to the growers and consumers.

APPENDIX

List of Wholesale Fruit Dealers Included in Cost of Distribution Study

THE MARITIME PROVINCES

Sydney, N.S.

F. A. De Young Ltd.
Masons Ltd.
R. P. Stevenson & Co.

Halifax, N.S.

B. A. Blakeney, Ltd.
Nickerson & Crease Ltd.
C. W. Outhit.

Saint John, N.B.

J. F. Estabrook & Son, Ltd.
Goodwin Company Ltd.
A. E. Kierstead Ltd.
Royal Fruit Co. Ltd.
The Willett Fruit Co. Ltd.

QUEBEC

Montreal

Canadian British West Indies Produce Co. Ltd.
J. R. Clogg & Co. Ltd.
Steve Dart.
Eastern Fruit & Poultry Co.
Eliosoff & Botner Co.
Mack Fruits Inc.
Masson & Sons, Ltd.
Mile End Fruit Exchange.
National Fruit Exchange, Inc.
Parent Goyer & Cie.
Peterson Fruit Co. Ltd.
Geo. Vipond & Co. Ltd.
Wolfe Fruit Co. Ltd.

ONTARIO

Toronto

James Bamford & Sons Ltd.
Barrett Bros.
Clemes Bros.
P. Culotta & Co. Ltd.
A. Dunn & Co.
Everist Bros. Ltd.
Samuel Hisey & Son.
Kalles & Sharf Co.
F. G. Lister & Co. Ltd.
W. J. McCart & Co. Ltd.
The Ontario Produce Co. Ltd.
Schafer Pinkus & Co.
Scorsone Fruit Co.
Chas. S. Simpson Co. Ltd.
Stronach & Sons.
J. Ursino & Co.
Western Produce Co.
The White & Co. Ltd.

THE PRAIRIE PROVINCES

Winnipeg, Man.

Bright Emery¹
W. W. Burdett & Co.
Cran, Mowat & Drever Ltd.
The Crescent Fruit Co.
Rogers Fruit¹
Rusen Solomon Co.
Scott Fruit Co. Ltd.
Sterling Fruit¹

Regina, Sask.

National Fruit Co. Ltd.
Prairie Fruit & Produce Ltd.
S. & M. Wholesale Fruit¹
Scott Fruit Co. Ltd.
H. G. Smith Ltd.

Calgary, Alta.

N. A. Barker Ltd.
Calgary Fruit Ltd.
National Fruit Co. Ltd.
Plunkett & Savage¹
Scott Fruit Co. Ltd.
T. J. Styles & Co.

BRITISH COLUMBIA

Water Street, Vancouver

Beacon Fruit & Produce Co.
B. C. Fruit & Produce Co. Ltd.
Brown Fruit Ltd.
Chapman Bros.
Chess Bros. Ltd.
The Clarke Fruit & Produce Co. Ltd.
Robt. Efford & Co. Ltd.
Independent Fruit Co
McMillans Limited.
Rainsford & Co. Ltd.
A. P. Slade & Co. Ltd.
The F. R. Stewart Co. Ltd.
Swartz Bros. Ltd.
United Fruit & Produce Limited.

Georgia Street and Keefer Street, Vancouver

Ah Mew Co. Ltd.
American Produce Company.
Capital Fruit & Produce Co.
International Produce Co.
Budd Olmstead Ltd.
Pacific Produce Co. Ltd.
The Shon Sang Co.
Richmond Growers Ltd.
Tom Yee Company.
United Fraser Growers Ltd.
Vancouver Growers Ltd.
Wing Lee Company.

¹ Subsidiaries of Dominion Fruit Limited.

TABLE I.—SUMMARY OF ADJUSTMENTS MADE TO DEALERS' TRADING STATEMENTS

	Canada	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
	\$	\$	\$	\$	\$	\$
Profit (per dealers' statements).....	186,811	32,364	7,827	1,051	69,088	76,481
Added to profit—Deducted from expense—						
Bad debts.....	15,327	7,515	3,440		2,982	3,467
Income tax.....	2,476	2,424	31			21
Life insurance premiums.....	5,469	2,020	2,535		131	783
Railway claims.....		1,432				
Miscellaneous.....		88				358
Deducted from profit—added to expense—						
Interest on investment.....	213,223	40,744	41,933	81,235	32,831	16,480
Salaries of principals.....	29,593		10,520	6,608	7,465	5,000
Depreciation.....	15,456	1,845	1,169	7,551	3,115	1,776
Head office expenses.....	9,992				9,992	
Railway claims unrealized.....	2,156		3,588			
Rent.....	4,410	4,410				
Bad debts.....				2,077		
Miscellaneous.....	4,682		2,047	3,081		
Profit (adjusted).....	-69,429	-1,156	-45,424	-99,501	18,798	57,854
Added to expenses (net).....	256,240	33,520	53,251	100,552	50,290	18,627

TABLE II.—ANALYSIS OF 87 WHOLESALE FRUIT DEALERS' COST OF DISTRIBUTION FOR THE YEARS 1935 AND 1936

(Based on \$1,000 of sales)

(After adjustment but before distributing interest on plant assets)

Expense	Canada		Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
	Total	—					
	\$	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Demurrage, car rental, heating and icing at terminal...	108,293	1 75	0 32	4 02	2 46	x	x
Cartage, track and storage...	218,471	3 53	5 50	4 40	5 45	0 51	1 37
Cold storage hired.....	180,466	2 92	1 88	4 98	3 19	1 55	1 54
Building expense.....	640,805	10 35	13 32	9 11	7 41	12 67	12 94
Warehouse wages.....	668,542	10 81	15 75	4 65	8 52	14 36	17 21
Warehousing and Establishment.....	1,816,577	29 36	36 77	27 16	27 03	29 09	33 06
Advertising.....	28,592	0 46	1 29	0 27	0 39	0 46	0 39
Salesmen's salaries.....	960,184	15 52	18 99	10 38	12 22	22 89	17 98
Salesmen's travelling expenses	257,153	4 16	7 98	0 03	0 48	12 24	4 51
Packing materials.....	104,592	1 69	3 57	0 42	1 14	1 30	4 13
Delivery.....	748,721	12 10	20 22	10 95	6 75	15 14	14 90
Bad debts.....	191,113	3 09	4 54	3 96	2 17	2 26	3 61
Selling and Delivery.....	2,290,355	37 02	56 59	26 01	23 15	54 29	45 52
Postage and stationery.....	172,293	2 78	4 00	1 71	2 15	3 64	3 82
Telephone and telegraph.....	214,483	3 47	4 76	3 11	2 86	3 74	4 01
Administration travelling and auto expense.....	100,893	1 63	0 86	2 33	1 03	0 90	3 07
Office salaries.....	504,713	8 16	11 12	6 37	6 26	10 37	9 81
Principals' and managers' salaries.....	818,977	13 24	16 06	10 57	10 68	12 23	21 92
Miscellaneous expense.....	248,225	4 02	4 02	4 18	2 92	4 83	4 68
Administration and General..	2,059,584	33 30	40 82	28 27	25 90	35 71	47 31
Interest.....	375,979	6 08	10 89	4 36	5 89	5 55	6 94
Total Expense.....	6,542,495	105 76	145 07	85 80	81 97	124 64	132 83

TABLE III.—DISTRIBUTION OF INTEREST ON PLANT ASSETS TO RELATED EXPENSE ACCOUNT

	Canada	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
	\$	\$	\$	\$	\$	\$
Charge for:—						
Cartage.....	2,329	431	358	1,139	54	347
Building expense.....	44,933	10,035	4,516	21,691	7,388	1,303
Salesman's travelling expense.....	481	481				
Delivery.....	7,856	1,859	783	1,186	2,146	1,882
Auto expense.....	1,528	129	573	631	80	115
Credit to Interest.....	57,127	12,935	6,230	24,647	9,668	3,647

TABLE IV.—NET WORTH REPRESENTED BY GOODWILL AND ORGANIZATION EXPENSE—87 WHOLESALE FRUIT FIRMS, 1935 AND 1936

District	Year		Interest at 5 per cent	Per cent of total interest for district
	1935	1936		
	\$	\$	\$	%
Maritime Provinces.....	6,200	6,200	620	0.96
Quebec.....	48,815	48,815	4,881	7.23
Ontario.....	159,745	156,000	15,787	14.92
British Columbia.....	2,400	10,150	627	0.94
Total.....	217,160	221,165	21,915	5.83

TABLE V.—EXTENT OF VARIATION (RANGE) IN EXPENSE ITEMS BETWEEN WHOLESALE FRUIT FIRMS IN DIFFERENT DISTRICTS OF CANADA, FOR THE YEARS 1935 AND 1936

Expense	Range in dollars per \$1,000 Sales					
	Canada	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Railway terminal.....	8 04	1 01	8 04	6 82		
Cartage.....	19 14	7 34	6 70	8 32	1 95	19 14
Cold storage hired.....	12 05	5 64	10 61	12 05	10 09	8 98
Building expense.....	31 13	22 17	15 46	18 78	16 06	28 86
Warehouse Wages.....	43 97	23 81	7 22	14 39	23 63	43 97
Warehousing and Establishment..	78 62	35 82	29 42	17 91	26 05	65 01
Advertising.....	6 89	4 35	0 83	1 26	2 26	6 89
Salesmen's salaries.....	46 31	33 04	46 31	26 91	29 98	29 85
Salesmen's travelling expense.....	21 80	19 55	0 30	3 11	21 80	14 08
Packing materials.....	22 26	11 03	0 71	2 10	3 11	22 26
Delivery.....	52 69	26 09	16 90	10 30	48 21	24 29
Bad debts.....	16 30	8 80	14 00	7 37	9 61	16 30
Selling and delivery.....	100 90	70 04	59 89	27 19	49 22	40 22
Postage and stationery.....	14 87	3 94	3 98	3 23	3 60	14 83
Telephone and telegraph.....	9 96	5 46	9 76	3 76	5 26	6 53
Administration travelling and auto.....	16 16	6 17	9 15	7 94	6 18	16 16
Office salaries.....	24 80	22 06	16 43	11 93	14 65	20 67
Management salaries.....	81 30	31 72	37 45	21 41	44 59	81 30
General expense.....	23 07	8 19	6 93	3 64	22 32	10 52
Administration and general.....	73 52	42 05	62 92	27 42	43 33	77 22
Interest.....	27 87	7 61	26 29	10 14	8 76	8 21
Total expense.....	142 30	97 80	118 55	63 30	70 98	75 49

TABLE VI.—RELATIONSHIP OF EXPENSE RATIO TO NET PROFIT OR LOSS
OF 87 WHOLESALE FRUIT FIRMS, 1935 AND 1936

District	Number of firms	Expense ratio			
		Above average		Below average	
		Profit	Loss	Profit	Loss
		No.	No.	No.	No.
Maritime Provinces.....	11	1	4	4	2
Quebec.....	13	1	7	3	2
Ontario.....	18	3	7	5	3
Prairie Provinces.....	19	5	7	3	4
British Columbia.....	26	5	6	10	5
Total.....	87	15	31	25	16

TABLE VII.—RELATIONSHIP OF EXPENSE RATIO TO NET PROFIT OR LOSS
OF 87 WHOLESALE FRUIT FIRMS, 1935 AND 1936

District	Number of firms	Expense ratio			
		Above median		Below median	
		Profit	Loss	Profit	Loss
		No.	No.	No.	No.
Maritime Provinces.....	11	1	4	3	2
Quebec.....	13	0	6	4	2
Ontario.....	18	3	6	5	4
Prairie Provinces.....	19	3	6	5	4
British Columbia.....	26	6	7	9	4
Total.....	87	13	29	26	16

TABLE VIII.—RELATIONSHIP OF SALES TO EXPENSE RATIO OF 87 WHOLESALE
FRUIT FIRMS, 1935 AND 1936

District	No. of firms	Annual sales			
		Above average		Below average	
		With expense ratio above average	With expense ratio below average	With expense ratio above average	With expense ratio below average
		No.	No.	No.	No.
Maritime Provinces.....	11	2	3	3	3
Quebec.....	13	1	4	7	1
Ontario.....	18	4	2	6	6
Prairie Provinces.....	19	7	2	5	5
British Columbia.....	26	4	4	7	11
Total.....	87	18	15	28	26

TABLE IX.—RELATIONSHIP OF SALES TO EXPENSE RATIO OF 87 WHOLESALE FRUIT FIRMS, 1935 AND 1936

District	No. of firms	Annual sales			
		Above median		Below median	
		With expense ratio above average	With expense ratio below average	With expense ratio above average	With expense ratio below average
		No.	No.	No.	No.
Maritime Provinces.....	11	2	3	3	2
Quebec.....	13	2	4	5	1
Ontario.....	18	5	4	5	4
Prairie Provinces.....	19	7	2	5	4
British Columbia.....	26	4	9	7	6
Total.....	87	20	22	25	17

TABLE X.—EXTENT OF VARIATION (RANGE) IN EXPENSE ITEMS AMONG 87 CANADIAN WHOLESALE FRUIT FIRMS IN DIFFERENT SIZE GROUPS FOR THE YEARS 1935 AND 1936

RANGE IN DOLLARS PER \$1,000 SALES

Expense	\$1,000,000 and over	\$ 700,000- \$1,000,000	\$400,000- \$700,000	\$300,000- \$400,000	\$200,000- \$300,000	\$100,000- \$200,000	\$ 75,000- \$100,000	Under \$75,000
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Demurrage, car rental, heating and icing at terminal.....	5 31	6 82	8 04	1 29	2 23	0 80	3 82	.....
Cartage—track and storage	5 82	6 11	7 70	5 89	7 28	10 77	19 14	9 69
Cold storage hired.....	3 08	3 51	10 09	4 72	12 05	4 57	10 61	8 98
Building expense.....	7 55	7 74	12 90	13 04	13 46	16 97	19 55	27 53
Warehouse wages.....	10 13	19 20	26 42	23 22	23 04	23 02	29 24	43 97
Warehousing and Establishment.....	14 67	5 20	35 95	23 33	25 87	32 32	46 39	65 01
Advertising.....	82	28	1 90	4 35	1 53	1 04	4 45	6 89
Salesmen's Salaries.....	10 11	17 52	25 80	22 73	24 42	41 11	46 31	23 79
Salesmen's travelling expense.....	.....	21 80	19 21	19 98	15 50	19 55	8 44	6 77
Packing materials.....	2 00	3 98	5 20	6 39	5 18	11 03	22 26	21 56
Delivery.....	11 41	9 00	18 05	28 87	15 01	31 76	44 40	41 28
Bad debts.....	6 37	5 24	6 78	4 64	7 79	9 21	15 16	16 30
Selling and Delivery.....	15 82	41 63	60 52	48 44	44 90	90 21	59 89	46 20
Postage and stationery.....	1 02	3 20	3 88	4 53	3 61	4 98	2 70	14 06
Telephone and telegraph.....	3 65	5 08	4 80	5 68	5 97	4 68	9 35	7 05
Administration travelling and auto.....	3 34	1 38	16 16	3 40	11 21	11 21	10 02	8 93
Office salaries.....	2 82	8 15	16 76	10 15	20 93	12 67	15 67	20 67
Management salaries.....	5 27	10 49	28 67	19 55	25 77	21 99	22 66	31 30
Sundry expense.....	5 16	3 08	7 45	5 60	6 24	8 78	9 43	23 07
Administration and General.....	8 98	18 10	57 59	34 70	40 09	42 05	35 53	86 20
Interest.....	1 68	7 36	7 25	10 89	9 71	11 06	27 87	9 91
Total Expense.....	28 22	49 81	80 52	95 33	87 45	127 25	94 45	93 03

TABLE XI.—ANALYSIS OF COSTS OF DISTRIBUTION OF 11 WHOLESALE FRUIT DEALERS IN THE MARITIME PROVINCES
FOR THE YEARS 1935 AND 1936

DISTRIBUTION OF EXPENSE DOLLAR

(After adjustment and after distributing interest on Plant Assets)

Expense	Average	1	2	3	4	5	6	7	8	9	10	11
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
Demurrage, car rental, heating and icing at terminal.....	0.22	0.16	0.05	0.64	0.42	0.17	0.40	*	0.20	*	0.14	*
Cartage, track and storage.....	3.84	2.35	2.74	3.74	5.11	5.51	6.16	4.41	5.50	2.61	6.95	3.76
Cold storage hired.....	1.29	1.00	*	3.01	*	1.12	4.78	0.75	*	0.82	2.63	0.07
Building expense.....	10.35	11.19	13.63	10.76	5.72	10.20	15.33	7.62	4.93	7.50	10.59	15.25
Warehouse wages.....	10.86	17.34	8.20	10.10	6.95	6.58	9.54	5.25	5.84	11.48	10.40	10.97
Warehousing and Establish- ment.....	26.56	32.04	24.62	28.25	18.20	23.58	36.21	18.03	16.47	22.41	31.01	30.05
Advertising.....	0.89	1.06	0.71	2.77	0.74	0.94	0.04	0.12	*	0.33	0.30	0.12
Salesmen's salaries.....	13.00	12.74	14.20	7.25	15.24	14.54	8.00	13.84	16.96	20.83	10.98	8.90
Salesmen's travelling expense.....	5.56	10.06	2.74	0.53	2.84	2.53	*	11.75	8.05	9.59	0.01	2.71
Packing materials.....	2.46	2.43	*	4.07	0.75	2.03	2.64	3.79	*	5.41	1.69	0.52
Delivery.....	14.13	5.73	24.09	10.88	25.54	16.54	13.52	8.44	27.53	11.15	20.04	9.96
Bad debts.....	3.13	1.98	5.20	2.83	3.91	2.96	3.75	2.95	3.58	3.21	1.24	5.71
Selling and Delivery.....	39.28	34.51	47.54	28.33	49.02	39.54	27.95	40.89	56.12	50.52	34.26	27.92
Postage and stationery.....	2.76	2.86	2.73	2.78	4.81	1.99	2.42	2.65	1.72	2.97	1.53	1.61
Telephone and telegraph.....	3.28	3.36	1.23	4.35	2.92	4.91	5.96	3.59	1.28	2.40	3.60	2.36
Administration travelling and auto expense.....	0.61	0.07	0.17	1.44	*	5.82	*	*	*	*	*	*
Office salaries.....	7.60	14.00	5.73	6.70	5.82	2.58	5.02	3.27	5.81	6.02	4.32	8.30
Principals' and Managers' salaries.....	11.07	4.81	12.34	17.90	9.01	6.88	14.48	25.07	12.38	6.26	14.96	20.76
Miscellaneous expense.....	2.78	4.19	1.21	1.70	0.85	5.73	2.41	0.61	1.59	4.41	2.09	3.73
Administration and General Interest.....	28.16	29.29	23.31	34.87	23.41	27.91	30.32	35.19	22.88	22.06	26.50	36.76
Total expense.....	6.00	4.16	4.53	8.55	9.37	8.97	5.52	5.89	4.53	5.01	8.23	5.27
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

* Negligible or no expense.

TABLE XII.—ANALYSIS OF THE COST OF DISTRIBUTION OF 13 MONTREAL WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

DISTRIBUTION OF EXPENSE DOLLAR

(After adjustment and after distributing interest on Plant Assets)

Expense	Average	12	13	14	15	16	17	18	19	20	21	22	23	24
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
Demurrage, car rental, heating and icing at terminal.....	4.68	7.67	0.99	3.16	8.56	6.09	8.32	1.20	2.82	0.23	*	3.03	*	3.96
Cartage, track and storage.....	5.16	5.08	8.50	5.63	2.19	7.89	2.03	2.50	5.24	2.88	3.15	6.53	0.51	5.14
Cold storage hired.....	5.80	7.45	6.56	6.17	4.40	4.53	9.35	4.17	0.78	6.24	*	2.57	1.31	2.03
Building expense.....	10.95	11.01	6.92	13.03	11.58	13.44	8.20	15.21	16.81	12.57	3.28	7.42	10.54	12.80
Warehouse wages.....	5.42	9.00	7.20	5.97	*	7.12	4.47	4.20	1.33	2.39	0.02	2.05	*	3.67
Warchousing and Establishment.....	32.01	40.21	30.17	33.96	26.73	39.07	32.37	27.28	26.98	24.31	6.45	21.60	12.36	28.20
Advertising.....	0.32	0.01	0.97	0.21	0.46	*	0.04	0.33	0.89	0.02	0.29	0.24	*	*
Salesmen's salaries.....	12.10	7.25	12.56	16.95	12.61	11.44	4.32	26.86	5.39	9.03	25.14	*	14.97	7.86
Salesmen's travelling expense.....	0.04	*	*	*	*	0.39	*	*	*	*	*	*	*	*
Packing materials.....	0.49	2.13	19.79	14.54	12.42	10.66	9.92	8.76	13.37	6.71	*	0.73	0.67	5.63
Delivery.....	12.82	12.35	6.39	2.79	2.07	2.02	2.83	2.20	3.81	1.73	8.23	1.39	2.55	1.20
Bad debts.....	4.62	9.48												
Selling and Delivery.....	30.39	31.22	39.71	34.49	27.56	25.30	17.11	38.15	23.46	17.49	33.66	2.36	27.95	14.69
Postage and stationery.....	1.99	2.30	1.69	1.15	1.78	2.32	1.25	1.87	4.73	2.38	2.08	5.54	4.67	3.98
Telephone and telegraph.....	3.63	1.81	2.16	3.40	7.77	4.54	1.19	4.24	5.47	2.88	5.31	12.15	6.00	5.50
Administration travelling and auto expense.....	2.76	1.09	1.05	2.73	6.41	1.83	3.27	3.16	4.59	4.32	5.44	7.27	1.21	4.73
Office salaries.....	7.42	7.55	5.25	6.86	8.92	7.41	8.60	5.34	11.65	12.30	5.67	5.83	8.91	12.98
Principals' and Managers' salaries.....	12.32	8.03	10.68	7.89	12.72	7.21	27.12	10.45	14.26	21.91	23.36	35.72	27.57	25.47
Miscellaneous expense.....	4.87	3.63	5.71	7.26	4.36	4.17	3.73	3.01	5.76	4.44	2.90	4.55	8.85	2.76
Administration and General.....	32.99	24.41	26.54	29.29	41.96	27.48	45.16	28.07	46.46	48.23	44.76	71.06	57.21	55.47
Interest.....	4.61	4.16	3.58	2.26	3.75	8.15	5.36	6.50	3.10	9.97	15.13	4.98	2.48	1.64
Total expense.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

* Negligible or no expense.

TABLE XIII.—ANALYSIS OF COSTS OF DISTRIBUTION OF 13 TORONTO WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

Distribution of Expense Dollars (After adjustment and after distributing interest on Plant Assets)																					
Expense		Average	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	
Demurrage, car rental, heating and icing																					
Terminal.....	3-00	3-49	5-02	6-48	8-10	2-01	0-04	0-04	*	0-71	1-99	*	1-37	*	0-63	0-74	*	0-18	*	*	
Cartage, truck and storage.....	6-73	6-80	7-26	5-88	6-45	5-12	8-06	8-06	9-49	7-15	5-20	2-23	7-75	6-55	8-07	10-32	8-54	10-19	8-78	5-97	
Cool storage hired.....	3-89	7-81	5-11	3-51	2-97	4-15	6-19	14-62	14-62	1-58	10-73	*	1-77	1-74	2-52	2-27	0-48	0-36	3-95	*	
Building expense.....	10-32	7-08	7-49	7-32	11-55	10-10	10-39	14-62	14-16	8-78	13-18	20-22	13-76	14-87	13-00	11-70	16-62	13-75	23-98	*	
Warehouse wages.....	10-39	10-64	13-94	17-90	13-00	14-58	6-45	10-78	5-26	5-16	5-16	6-33	4-42	3-68	4-59	4-02	7-19	10-19	0-46	0-85	
Warehousing and Establishment																					
Advertising.....	0-48	0-83	0-22	0-14	0-33	0-29	1-08	0-26	0-85	0-54	1-01	0-21	0-96	0-96	0-96	0-96	0-96	0-96	0-96	0-96	
Salesmen's salaries.....	14-91	13-66	17-66	6-48	9-36	18-16	25-61	9-39	25-07	23-28	22-65	12-72	11-53	12-26	7-81	12-26	10-22	1-79	7-44	12-55	
Salesmen's travelling expense.....	0-59	*	*	0-63	0-36	3-16	2-39	*	*	*	*	*	*	*	*	*	*	*	*	0-20	
Packing materials.....	1-39	3-03	1-27	1-88	1-27	0-79	0-51	0-84	2-61	1-87	0-02	0-97	0-97	8-00	2-29	0-25	*	1-25	0-20	0-20	
Delivery.....	8-31	8-31	9-57	6-22	7-81	7-32	9-85	4-62	8-74	6-97	6-68	9-47	8-00	9-56	12-21	10-43	12-46	10-73	7-29	0-58	
Bad debts.....	2-65	3-41	1-69	0-88	7-09	2-84	0-50	4-88	2-92	0-47	1-62	0-91	*	*	2-97	2-15	6-60	2-32	1-06	0-58	
Selling and Delivery																					
Postage and stationery.....	28-33	29-24	30-41	16-23	25-86	32-56	39-94	20-49	40-19	33-13	31-88	24-28	20-29	20-29	22-93	26-87	27-43	16-71	21-00	20-78	
Telephone and telegraph.....	2-62	2-43	2-89	2-71	1-48	3-14	2-14	1-66	3-52	2-86	3-84	1-60	3-25	1-98	1-59	3-82	4-29	1-98	2-92	2-92	
Administration travelling and auto ex- pense.....	3-49	4-33	3-90	5-46	1-71	4-79	3-51	1-88	1-53	2-80	3-08	1-45	0-54	1-19	1-16	1-07	2-29	4-08	2-86	2-86	
Office salaries																					
Principals' and managers' salaries.....	1-30	2-52	1-66	0-57	0-17	0-04	*	1-15	0-54	3-20	6-36	1-72	0-12	*	*	1-35	*	0-22	0-91	0-91	
Miscellaneous expense.....	7-02	4-48	5-30	13-16	17-16	4-03	9-35	16-18	11-46	10-83	8-47	15-04	31-83	30-24	30-24	23-67	19-90	23-65	30-00	25-01	
	3-56	2-49	4-61	3-35	3-20	4-45	2-97	4-32	2-92	3-90	2-63	4-64	2-38	2-38	2-62	4-92	4-26	4-91	3-56	4-54	
Administration and General																					
Interest.....	31-63	30-73	25-54	32-98	32-26	22-79	26-38	32-49	27-56	31-06	36-83	34-81	49-43	44-14	44-14	41-10	40-53	42-58	48-44	45-73	
Total expense.....	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	

* Negligible or no expense.

TABLE XIV.—ANALYSIS OF COST OF DISTRIBUTION OF 19 PRAIRIE PROVINCE WHOLESALE FRUIT DEALERS FOR THE YEARS 1935 AND 1936

DISTRIBUTION OF EXPENSE DOLLAR

(After adjustment and after distribution interest on Plant Assets)

Expense	Average	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
Demurrage, car rental, heating and icing at terminal.....	0.41	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Cartage, track and storage.....	1.24	0.20	1.33	1.05	2.55	0.07	0.43	1.20	0.56	0.12	1.19	0.22	0.73	0.44	1.08	1.25	1.99	•	•	•
Cold storage hired.....	10.63	10.82	10.75	7.17	5.48	12.33	13.05	6.81	14.88	14.05	8.56	17.01	10.69	14.11	7.92	9.96	10.58	1.15	•	5.57
Building expense.....	11.52	12.12	11.73	7.82	7.50	13.96	15.52	10.97	8.18	10.03	17.77	13.16	9.49	13.80	13.45	6.09	11.98	22.62	7.07	9.38
Warehouse wages.....	23.80	23.14	23.81	16.04	16.79	26.76	29.00	28.87	23.60	23.55	27.52	30.78	20.91	28.37	23.08	17.52	24.55	30.11	19.58	7.96
Warehousing and Establishment																				
Advertising.....	0.37	0.06	0.04	0.10	0.47	0.46	0.45	0.11	0.05	0.13	2.42	0.93	0.03	1.05	0.31	•	1.06	•	0.19	•
Salesmen's salaries.....	18.57	17.97	21.21	23.06	16.97	20.35	17.18	9.72	16.37	20.09	15.56	20.01	16.90	19.17	20.36	29.22	24.85	•	•	9.55
Salesmen's travelling expense.....	1.82	1.35	5.40	10.21	13.22	12.71	13.43	1.19	13.12	5.70	9.71	7.15	4.13	9.46	1.05	•	3.03	•	4.63	•
Packing materials.....	1.05	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Delivery.....	12.28	6.09	12.04	16.49	18.91	7.63	8.19	10.76	2.15	14.30	12.12	7.48	17.30	8.25	20.51	23.67	4.57	26.96	36.09	0.40
Bad debts.....	1.81	0.66	0.53	1.05	2.02	1.71	0.96	5.54	2.12	1.81	2.18	1.98	2.77	1.73	2.59	1.79	9.80	0.86	1.09	•
Selling and Delivery.....	43.70	43.26	44.86	52.27	53.06	42.86	40.21	27.32	44.86	42.03	41.99	37.55	43.74	39.66	44.82	55.30	43.69	27.82	42.10	37.19
Postage and stationery.....	2.92	3.03	2.88	3.92	3.10	3.04	3.02	1.67	3.12	3.07	1.59	3.09	2.23	3.23	2.39	2.21	2.22	3.79	3.03	1.45
Telephone and telegraph.....	3.00	5.12	3.55	2.76	2.80	4.12	3.71	1.24	1.82	1.71	3.00	2.25	2.17	2.15	1.72	1.58	2.74	3.10	3.43	0.95
Administration travelling and auto expense.....	0.73	0.59	0.61	0.42	•	0.60	0.59	0.48	0.57	0.67	1.97	0.58	0.45	0.52	0.63	1.10	0.19	4.78	3.78	1.59
Office.....	8.32	10.31	8.11	11.54	6.09	8.88	9.73	11.09	11.09	7.73	5.80	7.57	9.76	8.44	10.87	4.42	7.62	7.67	•	7.39
Principals' and managers' salaries	9.81	6.63	8.10	10.18	8.31	8.23	20.84	6.00	6.84	9.07	3.07	3.07	13.26	7.78	7.44	13.60	13.65	19.22	15.80	27.35
Miscellaneous expense.....	3.87	4.54	5.21	5.42	2.73	2.73	2.72	0.73	4.99	5.06	3.01	3.67	5.61	3.55	2.31	2.79	3.35	0.84	•	2.25
Administration and General.....	23.65	30.94	29.06	29.46	25.90	25.98	26.08	33.89	28.49	29.07	25.14	26.23	33.43	25.93	28.36	25.70	29.77	39.40	26.04	40.98
Interest.....	3.85	2.66	2.27	2.23	4.25	4.40	4.71	9.92	3.05	3.35	5.35	5.44	1.87	6.04	3.74	1.48	1.99	2.67	5.21	9.92
Total expense.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

* Negligible or no expense.

TABLE XV.—ANALYSIS OF COSTS OF DISTRIBUTION OF 14 WATER STREET, VANCOUVER, WHOLESALE FRUIT DEALERS
FOR THE YEARS 1935 AND 1936

DISTRIBUTION OF EXPENSE DOLLAR

(After adjustment and after distributing interest on Plant Assets)

Expense	Average	62	63	64	65	66	67	68	69	70	71	72	73	74	75
		Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
Demurrage, car rental, heating and loing at terminal.....	0-52	* 0-24	* 0-22	* 0-47	* 0-31	* 0-40	* 2-81	* 0-94	* 0-41	* 0-33	* 0-30	* 0-30	* 0-52	* 0-63	* 0-76
Certage truck and storage.....	0-94	*	*	2-12	9-42	2-38	1-64	1-50	1-72	*	0-75	17-96	2-52	1-58	18-17
Cold storage hired.....	9-20	7-61	9-84	7-74	9-42	6-16	8-79	9-33	7-81	15-86	12-17	17-96	12-72	27-40	18-17
Building expense.....	13-68	19-53	16-45	8-45	11-10	18-65	7-94	11-92	13-53	7-26	6-34	9-91	12-68	10-85	0-91
Warehouse wages.....	24-34	27-38	26-51	18-78	20-83	27-68	21-18	23-49	25-27	23-45	19-56	28-17	23-44	40-46	19-84
Warehousing and Establishment.															
Advertising.....	0-19	*	*	0-74	*	0-05	0-50	0-26	0-36	*	*	*	*	*	0-15
Salesmen's salaries.....	15-09	16-75	19-89	12-65	9-93	18-29	17-41	12-41	8-69	16-28	24-04	7-33	*	25-07	15-37
Salesmen's travelling expense.....	3-99	7-85	4-85	0-21	0-95	5-47	*	9-45	4-21	0-27	*	0-85	*	5-86	2-26
Packing materials.....	2-78	3-61	4-08	2-32	2-05	4-28	3-97	*	2-27	1-98	0-68	0-83	0-55	0-40	*
Delivery.....	10-63	11-88	10-89	8-94	15-12	9-28	8-44	8-46	7-79	16-06	5-70	14-57	9-90	12-02	15-23
Bad debts.....	2-48	0-63	0-43	4-26	1-79	1-86	3-10	5-22	3-41	1-86	8-73	0-89	6-00	8-56	2-03
Selling and Delivery.....	35-16	40-72	40-14	29-12	29-84	39-23	33-42	35-80	26-73	36-45	39-15	24-47	22-31	46-05	35-04
Postage and stationery.....	2-94	3-52	3-12	2-65	2-48	3-44	2-53	2-06	2-57	3-36	3-20	2-11	2-12	2-38	3-55
Telephone and telegraph.....	2-99	3-09	2-97	3-37	2-67	4-30	2-66	3-10	2-04	2-82	0-91	2-43	2-29	1-69	3-43
Administration travelling and auto expense.....	2-61	0-57	0-59	9-48	0-63	*	5-06	0-29	7-15	0-61	0-65	0-64	0-29	*	3-65
Office salaries.....	8-04	6-11	7-11	6-45	8-69	8-69	8-96	15-88	8-08	6-73	11-12	10-45	10-04	3-96	7-08
Principals' and managers' salaries.....	14-78	9-27	8-63	21-82	24-03	8-53	16-82	8-65	18-70	18-85	21-29	24-60	26-07	*	22-13
Miscellaneous expense.....	3-63	3-18	2-74	4-81	5-26	2-56	4-97	4-73	3-34	2-45	2-60	2-45	3-71	1-76	2-59
Administration and General.....	34-99	25-74	25-16	48-58	44-07	27-52	41-00	34-71	41-88	34-82	39-77	42-68	44-52	9-79	42-43
Interest.....	5-51	6-16	8-19	3-52	5-25	5-57	4-40	6-00	6-12	5-28	1-52	4-68	4-73	3-70	2-69
Total expense.....	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00	100-00

* Negligible or no expense.

TABLE XVI.—ANALYSIS OF COST OF DISTRIBUTION OF 12 KEEFER AND GEORGIA STREET, VANCOUVER, WHOLESALE
FRUIT DEALERS FOR THE YEARS 1935 AND 1936

DISTRIBUTION OF EXPENSE DOLLAR													
(After adjustment and after distributing interest on Plant Assets)													
Expense	Average	76	77	78	79	80	81	82	83	84	85	86	87
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
Demurrage, car rental, heating and icing at terminal.....	*	*	*	*	*	*	*	*	*	*	*	*	*
Cartage, track and storage.....	4.05	2.07	12.31	3.06	2.55	1.37	2.72	3.81	1.32	3.50	6.03	3.01	*
Cold storage hired.....	2.39	2.79	0.21	2.98	1.06	3.92	1.54	3.95	0.92	*	5.59	7.81	*
Building expense.....	13.40	22.92	10.90	5.52	10.33	7.08	20.77	15.05	7.95	23.04	11.12	8.91	24.84
Warehouse wages.....	8.93	8.13	14.06	10.35	*	7.02	14.43	*	1.50	9.77	27.35	11.74	7.25
Warehousing and Establishment.....	28.77	35.91	37.48	21.91	13.94	19.39	39.46	22.81	11.69	36.31	50.09	31.47	32.09
Advertising.....	0.86	*	2.86	0.38	*	*	*	*	1.24	*	4.29	*	1.60
Salesmen's salaries.....	4.93	6.96	*	15.44	*	*	*	*	12.03	8.96	6.86	7.29	*
Salesmen's travelling expense.....	0.09	*	*	0.80	*	*	*	*	*	*	*	*	*
Packing materials.....	4.92	2.20	14.31	2.34	14.14	*	1.57	6.58	1.05	*	1.71	*	*
Delivery.....	15.44	18.66	12.31	17.34	7.63	12.30	15.41	18.71	11.86	19.82	8.83	27.14	24.92
Bad debts.....	4.02	1.66	2.86	7.77	*	0.82	2.14	10.34	2.99	15.97	1.89	1.83	4.07
Selling and Delivery.....	30.26	29.48	32.34	44.07	21.77	13.12	19.12	35.63	29.17	44.75	23.58	36.26	30.59
Postage and stationery.....	2.57	1.09	1.65	2.21	5.19	1.63	2.13	1.58	2.14	1.79	1.91	3.37	11.03
Telephone and telegraph.....	3.16	4.56	2.95	1.69	3.12	1.92	3.88	6.45	2.79	2.69	1.84	2.54	2.54
Administration travelling and auto expense.....	0.73	2.63	*	0.19	*	*	*	*	0.25	*	5.55	*	*
Office salaries.....	3.74	*	4.72	6.91	*	4.53	*	*	9.10	*	12.86	*	12.32
Principals' and managers' salaries.....	26.04	21.74	14.10	18.63	53.36	52.33	30.75	32.63	39.21	12.91	12.91	17.76	5.56
Miscellaneous expense.....	2.95	0.22	6.76	2.33	1.01	7.08	0.21	*	2.92	0.49	1.44	7.22	5.87
Administration and General.....	39.19	30.24	30.18	31.96	62.68	67.49	36.97	40.66	56.41	17.88	23.60	30.89	37.32
Interest.....	1.78	4.37	*	2.06	1.61	*	4.45	0.90	2.73	1.06	2.73	1.88	*
Total expense.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

* Negligible or no expense.

TABLE XVII.—AVERAGE COST OF DISTRIBUTION OF WHOLESALE FRUIT DEALERS IN THREE MARITIME CITIES FOR THE YEARS 1935 AND 1936

DISTRIBUTION OF EXPENSE DOLLAR

(After adjustment and after distributing interest on Plant Assets)

Expense	Average	Halifax	Sydney	Saint John
	Cts.	Cts.	Cts.	Cts.
Demurrage, car rental, heating and icing at terminal...	0.22	0.46	0.20	0.10
Cartage, track and storage.....	3.84	4.85	4.12	3.13
Cold storage hired.....	1.29	3.01	.....	1.06
Building expense.....	10.35	11.86	9.15	10.18
Warehouse wages.....	10.86	9.04	7.27	13.82
Warehousing and Establishment.....	26.56	29.22	20.74	28.29
Advertising.....	0.89	1.56	0.56	0.70
Salesmen's salaries.....	13.09	9.33	15.15	14.04
Salesmen's travelling expense.....	5.56	0.90	3.95	9.00
Packing materials.....	2.46	3.15	0.24	3.28
Delivery.....	14.15	13.06	25.59	8.51
Bad debts.....	3.13	3.12	4.42	2.43
Selling and Delivery.....	39.28	31.12	49.91	37.96
Postage and stationery.....	2.76	2.47	3.18	2.68
Telephone and telegraph.....	3.28	4.94	1.79	3.19
Administration travelling and auto expense.....	0.61	2.17	0.08	0.04
Office salaries.....	7.66	5.18	5.78	10.06
Principals' and Managers' Salaries.....	11.07	14.13	11.25	9.28
Miscellaneous expense.....	2.78	2.94	1.18	3.56
Administration and General.....	28.16	31.83	23.26	28.81
Interest.....	6.00	7.83	6.09	4.94
Total expense.....	100.00	100.00	100.00	100.00

TABLE XVIII.—AVERAGE COST OF DISTRIBUTION OF WHOLESALE FRUIT DEALERS IN THREE PRAIRIE CITIES FOR THE YEARS 1935 AND 1936

DISTRIBUTION OF EXPENSE DOLLAR

(After adjustment and after distributing interest on Plant Assets)

Expense	Average	Winnipeg	Regina	Calgary
	Cts.	Cts.	Cts.	Cts.
Demurrage, car rental, heating and icing at terminal...	0.41	0.49	0.40	0.32
Cartage, track and storage.....	1.24	2.37	0.25	0.26
Cold storage hired.....	10.63	8.69	14.53	11.15
Building expense.....	11.52	9.82	11.89	13.59
Warehousing and Establishment.....	23.80	21.37	27.07	25.32
Advertising.....	0.37	0.16	0.66	0.50
Salesmen's salaries.....	18.37	18.06	18.20	18.86
Salesmen's travelling expense.....	9.82	7.78	9.89	12.51
Packing materials.....	1.05	1.54	0.73	0.56
Delivery.....	12.28	15.65	9.12	9.44
Bad debts.....	1.81	1.88	2.62	1.31
Selling and Delivery.....	43.70	45.07	41.22	43.18
Postage and stationery.....	2.92	2.96	3.06	2.79
Telephone and telegraph.....	3.00	2.58	2.25	3.96
Administration travelling and auto expense.....	0.73	0.55	0.66	0.99
Office salaries.....	8.32	8.18	8.64	8.34
Principals' and managers' salaries.....	9.81	11.58	8.21	8.30
Miscellaneous expense.....	3.87	4.07	4.37	3.35
Administration and General.....	28.65	29.92	27.19	27.73
Interest.....	3.85	3.64	4.52	3.77
Total expense.....	100.00	100.00	100.00	100.00

* Negligible or no expense.

TABLE XIX.—AVERAGE COST OF DISTRIBUTION OF WHOLESALE FRUIT
DEALERS IN TWO DISTRICTS OF VANCOUVER FOR THE YEARS
1935 AND 1936

DISTRIBUTION OF EXPENSE DOLLAR

(After adjustment and after distributing interest on Plant Assets)

Expense	Average	Water Street	Georgia Street and Keefer St.
	Cts.	Cts.	Cts.
Cartage, track and storage.....	1.06	0.52	4.05
Cold storage hired.....	1.17	0.94	2.39
Building expense.....	9.84	9.20	13.40
Warehouse wages.....	12.95	13.68	8.93
Warehousing and Establishment.....	25.02	24.34	28.77
Advertising.....	0.29	0.19	0.86
Salesmen's salaries.....	13.54	15.09	4.93
Salesmen's travelling expense.....	3.40	3.99	0.09
Packing materials.....	3.11	2.78	4.92
Delivery.....	11.37	10.63	15.44
Bad debts.....	2.71	2.48	4.02
Selling and Delivery.....	34.42	35.16	30.26
Postage and stationery.....	2.88	2.94	2.57
Telephone and telegraph.....	3.02	2.99	3.13
Administration travelling and auto expense.....	2.32	2.61	0.73
Office salaries.....	7.38	8.04	3.74
Principals' and managers' salaries.....	16.50	14.78	26.04
Miscellaneous expense.....	3.52	3.63	2.95
Administration and General.....	35.62	34.99	39.19
Interest.....	4.94	5.51	1.78
Total expense.....	100.00	100.00	100.00

TABLE XX.—AVERAGE OF WHOLESALE FRUIT DEALERS' COSTS OF DISTRIBUTION OF TEN MARKETS FOR THE YEARS
1935 AND 1936

Expense	DISTRIBUTION OF EXPENSE DOLLAR (After adjustment and after distributing interest on Plant Assets)								Vancouver	
	Canada	Sydney	Halifax	St. John	Montreal	Toronto	Winnipeg	Regina	Calgary	Water Street Keeler Streets
	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.	Cts.
Demurrage, car rental, heating and icing at terminal.....	1.66	0.20	0.46	0.10	4.68	3.00	*	*	*	*
Cartage, track and storage.....	3.38	4.12	4.85	3.13	5.16	6.73	0.49	0.40	0.32	0.32
Cold storage hired.....	2.76	.....	3.01	1.06	5.80	3.89	2.37	0.25	0.26	0.94
Building expense.....	10.48	9.15	11.86	10.18	10.95	10.52	8.69	14.53	11.15	9.20
Warehouse wages.....	10.22	7.27	9.04	13.82	5.42	10.39	9.82	11.39	13.59	13.68
Warehouse and Establishment.....	28.50	20.74	29.22	28.29	32.01	34.53	21.37	27.07	25.32	24.34
Advertising.....	0.43	0.56	1.56	0.70	0.32	0.48	0.16	0.66	0.50	0.19
Salesmen's salaries.....	14.68	15.15	9.33	14.04	12.10	14.91	18.06	18.20	18.86	15.09
Salesmen's travelling expense.....	3.94	3.95	0.90	9.00	0.04	0.59	7.78	9.89	12.51	3.99
Packing materials.....	1.60	0.24	3.15	3.28	0.49	1.39	1.54	0.73	0.56	2.78
Delivery.....	11.56	25.59	13.06	8.51	12.82	8.31	15.65	9.12	9.44	10.63
Bad debts.....	2.92	4.42	3.12	2.43	4.62	2.65	1.88	2.62	1.31	2.48
Selling and Delivery.....	35.13	49.91	31.12	37.96	30.39	28.33	45.07	41.22	43.18	35.16
Postage and stationery.....	2.63	3.18	2.47	2.68	1.99	2.62	2.96	3.08	2.79	2.94
Telephone and telegraph.....	3.98	1.79	4.94	3.19	3.63	3.40	2.58	2.25	3.06	3.16
Administration travelling and auto expense.....	1.57	0.08	2.7	0.04	2.76	1.30	0.55	0.66	0.99	2.61
Office salaries.....	7.71	5.78	5.18	10.06	7.42	7.84	8.18	8.64	8.34	8.04
Principals' and managers' salaries.....	12.52	11.25	14.13	9.28	12.32	13.02	11.58	8.51	8.80	14.78
Miscellaneous expense.....	3.79	1.18	2.94	3.56	4.87	3.56	4.07	4.57	3.35	3.63
Administration and General.....	31.50	23.26	31.83	28.81	32.99	31.63	29.92	27.19	27.73	34.99
Interest.....	4.87	6.09	7.83	4.94	4.61	5.51	3.64	4.52	3.77	5.51
Total Expense.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

* Negligible or no expense.

